Austria	Sch22	Iran	Rls100	Philipines	Pesos40
Bahrain	Din0.650	Israel	NIS3.50	Portugal	Esc120
Belgium	BFr45	Italy	L1700	Qatar	Qr8.00
Canada	C$1.00	Japan	Y200	S.Arabia	Rls7.00
Cyprus	C£0.90	Jordan	Fils500	Singapore	S$4.10
Denmark	DKr10.00	Kuwait	Fils500	Spain	Pta145
Egypt	E£2.25	Lebanon	[illegible]	Sri Lanka	Rup30
Finland	Fmk7.00	Lux	LFr45	Sweden	SKr9.00
France	FFr7.00	Malaysia	Rin4.25	Switz	SFr2.30
Germany	DM2.20	Mexico	Pes300	Taiwan	NT$65
Greece	Dr120	Morocco	Dh8.00	Thailand	Bt50
Hong Kong	HK$12	Neth	Fl3.00	Tunisia	Din0.860
Iceland	Kr125	Nigeria	Naira3	Turkey	L800
India	Rup15	Norway	NKr10.00	UAE	Dh6.50
Indonesia	Rp3100	Oman	Or1	USA	$1.00

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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SOVIET UNION

Moslem Uzbeks feel the Party's grip

Page 22

World News

Yugoslav PM pledges sweeping reforms

The new Yugoslavian Prime Minister, Mr Ante Markovic, acknowledged the depth of his country's economic problems with startling frankness, and gave one of the most sweeping commitments ever heard in Belgrade to radical, market-oriented reform.

He also named a cabinet which adeptly mixed Serbs, Croats and Slovenes, in a clear move to defuse ethnic tensions which have fuelled the country's political crisis. Page 22

Cheney gets vote

Senate Armed Services Committee unanimously approved the nomination of Dick Cheney as Defence Secretary, rushing him through in sharp contrast to the long battle which faced John Tower. Page 6

Moscow pledge

The Soviet Union is to begin a large-scale troop withdrawal from Mongolia in May with the pullout of some 50,000 troops timed to coincide with the first Sino-Soviet summit for 30 years. Page 4

ESA heads off row

The 13-nation European Space Agency headed off a potential row between Britain and France by deferring a decision over who should design a new space platform for monitoring the earth. Page 2

W Berlin coalition

A controversial West Berlin coalition government of Social Democrats (SPD) and Greens was elected to office in what both sides agree is a marriage of convenience. Page 2

Iran to tap oil

Iran said it was ready to tap into offshore oil and gas fields it had found it shared with Gulf Arab states. Page 4

Balkan meeting

Statements of good intent for future trade co-operation were issued following an unusual two-day meeting of Balkan economic ministers in Ankara. Page 3

Fruit emergency

The Chilean Government is preparing emergency financial measures to assist both fruit industry companies and workers following the barring of Chilean produce from US, Japanese and Canadian markets. Page 6

Rocket grounded

A rocket carrying a $140m Star Wars satellite was grounded at Cape Canaveral by technical troubles forcing the postponement of a key flight aimed at developing elements of a proposed US anti-missile shield.

Brewing reviewed

The European Commission launched a review of the way brewers sell their beers in the EC in an attempt to ensure free competition in the run-up to 1992 and the single market. Page 2

Mine kills policemen

Suspected leftwing guerrillas detonated a landmine under a police jeep in Matara district, Sri Lanka, killing two policemen and wounding five.

Patrick's past

Ireland marked St Patrick's Day by launching a find-your-roots service, costing I£10 ($15) for a 30 minute talk, to help the 100,000 visitors who come to the "Emerald Isle" in search of their ancestors.

Business Summary

Torino and GRE join forces in $92m deal

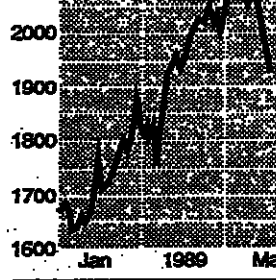
ISTITUTO San Paolo di Torino, one of Italy's leading banks, is to join forces with Guardian Royal Exchange (GRE), UK composite insurer, to buy three Italian insurance companies and manage them jointly.

The plan, to be announced formally next week, is likely to involve payment of around L125bn ($92m) for Polaris Vita, Sipea and Cidas, three Rome-based insurers which together have nearly L200bn of annual premiums. Page 23

ZINC prices came under further pressure on the LME retreating in morning trading on chart inspired selling and

Zinc

Cash metal ($ per tonne)



liquidation orders. On Wednesday three-month high grade metal fell below $1,910 a tonne. Commodities, Page 38

LONDON Stock Exchange's controversial £60m ($163m) plan for a centralised paperless system for transferring and registering share ownership has been rejected in favour of a more modest electronic scheme. Page 7

NATIONAL Semiconductor, which is divesting its computer operations, announced losses of $44.6m or 46 cents per share for the third quarter following disappointing semiconductor sales. Page 26

LEGAL & GENERAL GROUP, UK insurer, is making its second push into the US life market in eight years by buying a New York insurance company, William Penn, from Continental Corporation, US property/casualty insurer, for about $80m. Page 23

CIBA-GEIGY, Swiss company which is the world's third biggest drugs group, said it had entered into a collaborative deal with Tanox, a small US company, to develop a new medicine for AIDS. Page 24

POTENTIAL for a full-scale marketing battle between Merck of the US and Glaxo of Britain, world's two biggest pharmaceuticals companies, hotted up after a new and highly regarded Merck drug took a step nearer sale in the US. Page 26

EXXON of the US and the Royal Dutch/Shell, Anglo-Dutch group are planning a new FFr1bn ($158m) plastics plant for France. Page 26

CHICAGO Board of Trade, world's largest futures exchange, unveils today at the futures industry convention an after-hours electronic trading and order routing system. Page 28

THREE-MONTH pay dispute at Jaguar, UK maker of luxury cars, ended after the workforce voted to abandon plans for industrial action as the company published 1988 results showing pre-tax profits of £47.5m ($82m). Page 23

VENEZUELAN Cabinet approved a decree liberalising conditions for debt-equity swaps involving the country's public sector external debt. Page 6

DAIRY FARM International, Hong Kong listed food retailer which is part of the Jardine Matheson group, lifted 1988 net profits 70 per cent to HK$773m ($99.1m). Page 27

Pan Am claims Lockerbie warning came by letter

THE BRITISH Government came under renewed attack yesterday for its handling of the Lockerbie air crash, in which a Pan Am Boeing 747 blew up over Scotland killing 270 people, after claims by the airline that a terrorist alert sent out two days before the disaster did not reach it until three weeks later.

Pan Am said in New York that a UK Department of Transport warning on the possibility of a bomb aboard one of its aircraft en route from Heathrow to the US arrived by letter on January 17. It had been posted in the Christmas mail from London on December 19, two days before the crash.

Pan Am said it did not receive earlier warnings which the Department of Transport says it sent by telex.

The Department of Transport issued warnings to airlines and airports about the possibility of a terrorist bomb hidden in a radio cassette player. The airline said the letter reaffirmed an earlier alert of possible sabotage, received from the US Federal Aviation Administration following a warning from the American Embassy in Helsinki that some form of sabotage against Pan Am was likely.

The BAA, formerly the British Airports Authority, which owns Heathrow Airport, has always claimed that it did not receive a Department of Transport warning of impending sabotage, so its security force was not specially alerted.

The Department of Transport initially sent alerts about the possible type of bomb to UK airlines and airports by telex on November 22, following the discovery of a device in Frankfurt, West Germany, in October. The bomb, found during a raid on a Palestinian terrorist group cell, was similar to the one now believed to have destroyed the Pan Am aircraft.

A follow-up letter enclosing photographs was sent to airlines, including US companies, and British airports on December 19.

However, Pan Am said that the letter, while amplifying the FAA's warning, did not specify any particular flight, date or likely form of such sabotage. The airline said that no other warning came from the UK, either by telephone, telex or fax, to confirm or amplify the alert that Pan Am had already

Continued on Page 22

TIMETABLE FOR DISASTER

NOV 22 UK Department of Transport (DoT) sends out initial warning to airlines, but only to UK carriers.
DEC 5 US embassy in Helsinki receives bomb threat to Pan Am aircraft. Airlines, including Pan Am, are warned.
DEC 9 DoT receives FAA warning.
DEC 19 DoT sends warning to UK and US airlines, and others.
DEC 21 Lockerbie disaster, 270 die.
DEC 28 Bomb confirmed as cause of crash.
JAN 5 Paul Channon, Transport Secretary, announces increased security at airports.
JAN 12 Manchester Airport receives the DoT warning of Dec 19.
JAN 13 Two reporters break through "new" security.
JAN 16 Channon announces even tighter security measures.
JAN 17 Pan Am in London receives warning of Dec 19.
JAN 31 Channon says more than 100 security flaws have been identified.

Bush claims progress on US economic and social 'time bombs'

By Peter Riddell, US Editor, in Washington

PRESIDENT George Bush yesterday claimed his Administration was making progress in defusing economic and social "time bombs" threatening the US, while charting an agenda for the country into the next century.

His remarks, made in his adopted home city of Houston in Texas, were intended to answer increasing criticisms that his Administration is adrift and have come at a time when many of his proposals are in trouble in Congress.

Mr Bush claimed that he and his team were tackling such issues as the Budget deficit, illegal drugs, thrift industry insolvency and Third World debt. "These are serious challenges – ticking time bombs that we need to defuse without delay. And we're doing just that," he said.

"I've come home to Texas to tell you we're hard at work in Washington – and we're making progress," he argued in an essentially defensive list of his initiatives.

Referring to what he called his "agenda for a new American century," Mr Bush said that preparing for the future meant strengthening education, protecting the environment and "taking a long-range look at the international landscape."

He argued that in preparing the US for the 21st century, "more is going on than meets the eye, or makes the headlines." He asked for time to show results.

However, the President's proposals for cutting the Budget deficit and for dealing with the thrift (savings and loans institutions) crisis face increasing problems in Congress.

Commenting on the latest round of discussions between the Administration and Congressional leaders, Mr Tom Foley, the Democratic leader of the House of Representatives, said he did not expect agreement by March 23 when the negotiating group is due to report back. He also warned that Congress might miss its April 15 deadline for drafting spending proposals.

Similarly, Mr Leon Panetta, the Democratic chairman of the House Budget committee and one of the negotiators, said the talks must consider tax increases as well as cuts in spending. But he added, "If the Administration doesn't propose new taxes, rest assured that the Democrats won't propose any either."

The Administration's proposals for a new $50bn Government-sponsored, though privately owned, corporation to rescue the savings and loans industry are likely to be rejected when the House Banking Committee drafts legislation after Easter. Instead, the Democrat-controlled committee is likely to propose a more direct rescue by the Treasury.

The Administration also faces problems over its longer-term social agenda. Its plan for a limited increase in the minimum wage, and a new lower training wage, has been rejected by Congressional committees. And, late on Wednesday, the President's plans for child care tax credits for parents were immediately countered by a vote by the Democrat-controlled Senate Labour Committee in favour of a rival measure providing subsidies for child-care facilities.

Dollar

Against the D-Mark (DM per $)

Index

1985 = 100

Source: Bank of England

Banks back D-Mark against strong $

By Simon Holberton, Economics Staff, in London

THE CENTRAL banks of eight European countries yesterday moved to support the D-Mark after demand for the dollar pushed the US currency towards the top of its established trading range against the West German currency.

The intervention was led by West Germany's Bundesbank and included the Bank of England and the central banks of France, Switzerland and Spain, among others.

The banks' move was prompted by the dollar's rising strongly towards DM1.88. During the past 10 months, the dollar has traded within a broad range of DM1.70 to DM1.90.

Analysts yesterday attributed the US currency's strength to Wednesday's better than expected US trade figures for January and to a US Federal Reserve Board report which analysts said underlined the current strength of the US economy.

But figures released yesterday appeared to suggest that inflationary pressures in the

Continued on Page 22

Matra aims for links with GEC, Daimler-Benz

By Paul Betts in Paris

MATRA, the French privatised defence and electronics group, is negotiating a major new European partnership for its defence and space activities with Britain's General Electric Company (GEC) and Daimler-Benz of West Germany.

The negotiations involve a series of share exchanges between the three companies which would give GEC and Daimler-Benz a stake of 20 per cent each in Matra's defence and space operations, according to the French company.

In return, Matra would be keen to take a 20 per cent stake in GEC's Marconi subsidiary and in Deutsche Aerospace, the planned new Daimler-Benz subsidiary grouping the West German car group's aerospace interests including Dornier, the MTU aero-engine company, the aerospace sector of AEG and its proposed acquisition of Messerschmitt-Bölkow-Blohm (MBB).

GEC has been discussing several collaborative deals with Matra and has said it is contemplating increasing its stake in the French group, but the plans are thought in UK defence circles to involve less ambitious links.

The Matra discussions bring a fresh twist to the reorganisation of the British defence electronics industry as proposed by GEC in its joint bid with Siemens of West Germany for its main UK rival Plessey. It also follows a series of moves by the GEC group which have tied up about half its total operational assets in joint ventures.

Mr Edzard Reuter, the chairman of Daimler-Benz, confirmed in Paris on Wednesday his group's interest in co-operating with Matra in the defence and space fields. He said at a business lunch in the presence of Mr Jean-Luc Lagardère, the Matra chairman, that he was particularly interested in the space sector.

A Matra official confirmed yesterday that Mr Lagardère had already discussed the cross-shareholding proposals with the two other groups. He said Matra intended this year to make its defence and space businesses into a separate subsidiary to enable the cross-shareholdings with the GEC and Daimler-Benz subsidiaries in this field.

Matra forged close links with both GEC and Daimler-Benz at the beginning of last year when the two European groups each acquired a 5 per cent stake in the French company during its privatisation.

However, Matra said there were no plans at this stage for either GEC or Daimler-Benz increasing their 5 per cent stakes in the main Matra holding company. Matra also emphasised it intended to retain majority control of its defence and space activities. "We want to remain masters in our own house," it said.

Matra is a leading satellite and missile manufacturer. Its defence and space operations involve annual sales of about FFr 7bn ($1.1bn) and employ 6000 people. In comparison, GEC-Marconi, the GEC branch which embraces the group's defence activities, has annual sales of about £2bn ($3.7bn) and employs 45,000.

Matra is expected to report consolidated group profits of about FFr330m for 1988 on sales of FFr19.6bn. Its other two main branches are tele-

Continued on Page 22

Battles to come, Page 20

Ligachev pledges his loyalty to Gorbachev and backs reforms

By Quentin Peel in Moscow

MR YEGOR LIGACHEV, the man widely regarded as the greatest threat to Mr Mikhail Gorbachev within the Kremlin, yesterday publicly pledged his loyalty to the Soviet leader and backed his plan for radical reform of Soviet agriculture.

He insisted that the only differences between the two were on the practical implementation of policy, and that they agreed on all the major issues – including the widespread introduction of leasehold tenure for Soviet farmers.

The man who used to be seen as the second-in-command to the Soviet leader still managed, however, to make his version of agricultural reform, and the crucial question of rewriting socialist property relations, sound much more cautious than that of Mr Gorbachev.

Mr Ligachev is chairman of the central committee commission on agriculture – the job to which he was pushed sideways last September. He appeared at an international press conference yesterday to present results of the Communist Party's crucial meeting on agriculture – a two-day debate in the central committee going to the heart of the perestroika reform process, which dealt with the single most sensitive area in the Soviet economy.

His very presence at such an event, after playing a low-key role in the public debate, and sniping at the reforms in previous speeches, suggests a significant political victory for Mr Gorbachev.

Mr Ligachev, sitting on the same platform as Mr Vadim Medvedev, the party ideology chief who is much closer to Mr Gorbachev in his public statements, was forced to spell out some of the most radical aspects of the farm reforms.

They include:

- Granting leases to farmers for periods of "five to 50 years, or more", implying no upper limits on leasehold tenure.
- Allowing family farms to be established, not simply within existing collective farms, but

Continued on Page 22

IADB gets $22bn capital boost

By Stephen Fidler, Euromarkets Correspondent, in London

THE WAY has been cleared for a $22.5bn capital increase for the Inter-American Development Bank (IADB), following the resolution of an often acrimonious dispute between the US and Latin American shareholders.

The IADB, founded in 1956 to channel development funds to Latin America, will thus be able to treble its lending within two to three years and play a more central role in helping to resolve the region's debt problems. Last year, lending shrank to less than $2bn, about half of its 1984 peak of $3.5bn.

The proposed resolution was finally hammered out in talks earlier this week between US officials, led by Mr David Mulford, responsible for international affairs at the US Treasury, and representatives from Brazil, Mexico, Argentina and Venezuela.

The dispute, which has dragged on for three years, was born out of the Reagan Administration's dissatisfaction with the bank's lending policies. It wanted shareholders from industrialised countries to be able to delay loans for two years – in effect, a veto – if they could muster the support of 35 per cent of the votes.

The US holds 34.5 per cent of the shares, Canada 4.4 per cent and a further 8 per cent is held by non-American members.

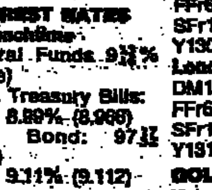
The formula gives one director of the 12-strong board the right to delay loans for two months, two directors the right to delay for five months and three directors the right to delay a loan for 12 months.

The US and Canada have one director each, the European countries two directors and Latin American states eight. The IADB's president would have power to vote some loans not subject to delay.

MARKETS

Japan

Nikkei average '000



INTEREST RATES

US lunchtime:
Federal Funds 9$\frac{13}{16}$% (same)
3-mth Treasury Bills: yield: 8.89% (8.966)
Long Bond: 97$\frac{11}{32}$ (97$\frac{1}{2}$)
yield: 9.11% (9.112)

London
3-month interbank: close 12$\frac{13}{16}$% (same)

STERLING

New York lunchtime
$1.7185 (1.7210)

London:
$1.7180 (1.7815)
DM3.2150 (3.2175)
FFr10.8875 (10.8900)
SFr2.7675 (2.7650)
Y225.50 (224.50)

DOLLAR

New York lunchtime
DM1.8715 (1.87225)
FFr6.3340 (6.3375)
SFr1.61025 (1.6085)
Y130.925 (130.70)

London:
DM1.8715 (1.8725)
FFr6.3375 (same)
SFr1.6110 (1.6085)
Y131.20 (130.60)

GOLD

New York latest
Comex April
$391.3 (393.8)

STOCK INDICES

New York lunchtime
Dow Jones Ind. Av.
2,330.18 (+9.64)
S&P Comp
298.37 (+1.70)

London:
FT-SE 100
2,112.6 (-8.6)
World:
143.14 (Wed)

Tokyo
Nikkei Ave
32,098.24 (-2.24)

Frankfurt
Commerzbank
1,657.4 (-10.3)

OIL

Brent 15-day (Argus)
$18.5 (same) (April)
West Tex Crude
$19.875 (+0.175) (April)

CONTENTS

Mrs Thatcher approaches her tenth anniversary in power

The only danger facing Mrs Margaret Thatcher, British Prime Minister, as she nears her 10th anniversary in No 10 Downing Street is if she does something which the Conservative Party regards as well over the top

Page 21

EUROPEAN NEWS

Euro MPs urge stronger hormone controls in meat

By Tim Dickson in Brussels

A KEY European Parliament committee of enquiry has come out in favour of reinforcing the European Community's controversial ban on using growth hormones in meat production.

The ban was introduced in the EC at the beginning of 1988 but only applied to meat imports from the United States from the start of this year. It has provoked retaliation from Washington against $100m of European food products and remains a major source of friction in transatlantic trade relations.

The US argues that there is no scientific justification for the prohibition and that it was politically inspired.

European MPs were among the earliest and most influential supporters of the ban so the decision late last year to hold a special enquiry into meat quality raised hopes by opponents both inside and outside the EC that the Strasbourg based assembly might change its mind. This, it was argued, could have inspired EC member states to reverse the legislation.

As it turns out the 15 strong committee voted not only to continue the ban but also to urge that stronger measures be taken to ensure that it is properly applied, including more inspections of production facilities and stiffer penalties for offenders.

A minority group on the committee, meanwhile, led by the British Conservative Mr Christopher Jackson, concluded that there is "no evidence whatsoever" that the substances banned by the EC are harmful to human health.

Mr Jackson, who points out that the compounds have all been recommended by the World Health Organisation, says it will be an extremely dangerous precedent if the EC were to ignore completely scientific evidence of its own experts.

Notwithstanding the special "task force" set up last month by Brussels and Washington to examine the hormones problem, the result of the European Parliament enquiry will not make a solution any easier to find.

Prospects for end to Polish bus strike

By Christopher Bobinski, recently in Plock

PROSPECTS improved yesterday for an end to one of Poland's longest running stoppages in the present wave of strikes as bus drivers in Plock continued their talks with the city authorities.

The strikers' representatives went into a meeting ready to make concessions after an official decision earlier this week to wind up their company and establish a new one, as well as privatise some city routes.

At the news of the closure, 28 of the several hundred drivers – who have been occupying the bus depot for three weeks – went on hunger strike.

Solidarity activists in local plants, including Poland's largest oil refinery, threatened to stage short stoppages in a show of support for the drivers who are pressing for a 40 per cent wage increase.

During the strike, Mr Marian Rodzen, the Plock city mayor, has been echoing the government line is that managements who make settlements exceeding official pay guidelines would incur stiff tax penalties and will not be bailed out.

Initially, the mayor incensed the strikers by offering a tentative 20 per cent increase in two months' time, payable only if their economic performance were to improve.

However, this is the first time, though, that privatisation has been used as a threat to deal with a strike. However, it is clear that the proposal is still in its early stages.

Italian Communists attempt to play to the gallery

By John Wyles in Rome

ITALIAN PARTY congresses are usually a chaotic and colourful mixture of low politics and high boredom. After years of being rather serious, grey and tedious, Italy's Communist Party is determined that its congress, opening tomorrow, will paint a new political image for the public to savour – rich in a variety of opinions, deeply wedded to individual rights and, above all, worthy of a place in the mainstream of Western Europe's social democratic parties.

The Partito Communista Italiana (PCI) has looked around and borrowed liberally from its role models, above all, the West German SPD and the French Socialists.

Having embraced capitalism some time ago, its eclecticism has more recently moved on to feminism (40 per cent of the 1,000 delegates will be women) and to ecology which will be a dominant theme of platform speeches.

Much of this is the doing of Mr Achille Occhetto, the new leader, who since his election last June has strained every nerve to deny the impression that the PCI is in a terminal coma.

In the process, he has aroused more than a little suspicion both inside and outside his party. He has even been charged with *movimentismo* which is a term of abuse in Italy's strange political lexicon even though it means espousing popular issues.

Certainly, there is nothing in Mr Occhetto's long speeches (his opening address will be a mid-season form peroration of two hours) to suggest that much Marxism-Leninism has been retained in his intellectual baggage.

As a result, some Italians believe they have the measure of the man and of the party which has already voted (at regional congresses) 95 per cent support for Mr Occhetto's report to tomorrow's gathering.

The Communist party under Mr Occhetto badly wants power and it knows that it has to come to terms with the realities of Italian society if it is to have any prospect of halting the long haemorrhage which took its electoral support down to 26.6 per cent in 1987.

So the PCI now talks of being part of an *alternativa* to the post-war Christian Democrat dominated regime and has a pragmatic policy for every problem and season. It is telling the Italian people that if it wants a more efficient, less corrupt state then it must renounce the *ancien regime*.

Mr Occhetto may refer to working people, but he will never talk of class. "The PCI can represent the general interest," he said last September because, unlike the other parties, it has no ties to any special interests.

Of course, the political realities are such that Mr Occhetto's left alternative to the DC is impossible without an alliance with Mr Bettino Craxi's Socialists who have sat in DC coalitions for 11 of the past 17 years.

The PCI is obsessed with Mr Craxi because his shadow lies across every path to the political uplands. Desperate to be accepted internationally, the PCI would like to join the Socialist International except that Mr Craxi would block the application. Longing to be in power, the PCI thinks the Socialists should join it in opposition, except that Mr Craxi is anxious to avoid political suicide.

The Socialist leader has thus made himself the arbiter of the PCI's immediate future. He urges the Communists to change more without ever saying what he wants, beyond a change of name. This could, of course, have great symbolic impact, but most Communists seem unable to contemplate the idea, particularly when it comes from Mr Craxi.

As a result, the modern social democratic superstructure to be attached this weekend will be unconvincing for a majority of Italians, for whom the PCI has always been more than a name.

Non-player Ozal finds football a draw

By Jim Bodgener in Istanbul

AT NINE o'clock on Wednesday night, Istanbul fell uncannily quiet. In a normally teeming city, there was little to break the silence except the slow, booming foghorns of ships slipping under the Bosphorus bridge.

Every Turkish eye was glued to the television screen, as Istanbul's Galatasaray took on Monaco in a deciding quarter-final in the European Champions' Cup.

A few months earlier, Turkish pride had been cut to the quick by a UEFA decision to annul Galatasaray's 5-0 victory over Switzerland's Neuchatel, because of crowd trouble.

Once again, a condescending Western Europe was trying to put Turkey down. Pictures of Crusaders appeared on the front page on national newspapers and Galatasaray's trainer said the UEFA Commission was "full of enemies of Turkey".

As it turned out, the enemies backed down, reversing their decision, but decreeing instead that Galatasaray should play no more home games.

So the Istanbul heroes took on Monaco in Cologne, in the heart of Frankish territory, but a home-away-from-home for many of West Germany's 1.5m Turks.

Mr Turgut Ozal, the Prime Minister, flew to West Germany. Never mind that he is alleged never to have played football in his life.

He faces municipal elections on March 26 and his critics say he is adept at moving electoral goalposts when it suits him. So he sat there along with a real Frankish prince – Rainier of Monaco.

The game turned out scrappy and inconclusive, a 1-1 draw. But on goal aggregate, Galatasaray was through to the semi-final.

Seconds later, ecstatic Istanbulis rushed outside, chanting, hooting horns, waving flags. Madcap drivers in taxis and lorries packed the streets, their vehicles draped in Galatasaray colours of yellow and red.

"Jim-bom-bom, Jim-bom-bom," the crowds chanted. Not a personal accolade of this correspondent, but the team's name in colloquial Turkish. Passionate loyalties to rival teams were set aside. They were all Galatasaray supporters now.

Thoroughfares choked, the city became a giant, jubilant street party. Taksim Square in the city centre - cockpit in the 1970s for bloody political conflicts - was thronged with joyful supporters. There was Anatolian folk-dancing to pulsating drums and pipes. In Ankara, even Mrs Semra Ozal was not to be outdone, driving around waving balloons in Galatasaray colours.

Turkish honour was vindicated. Mr Ozal had chosen his football match well.

EC proposals for freeing telecom services criticised

By Hugo Dixon

THE EUROPEAN Commission's ambitious plans for liberalising telecommunications services are in danger of coming to grief, according to a report to be published later this month.

Analysys, a telecommunications research group based in Cambridge in the UK, warns in it that large corporate users of telecommunications are not being sufficiently involved in the Commission's liberalisation plans. The details of the process are being influenced too greatly by the region's telecommunications administrations, many of which have an interest in stopping competition from developing, it says.

As a result, Analysys predicts that Europe will continue with an inadequate telecommunications infrastructure after the creation of the single market in 1992. European industry could therefore suffer.

The report's main concerns cover the Commission's plans for forcing telecommunications operators across the region to open up their networks to private companies.

This proposal is central to the whole liberalisation project, as it would allow multinational companies to construct their own networks spanning the continent and would also enable specialist companies to come into the market and compete with the monopoly operators.

Advocates of the approach argue that opening up the networks will lead to lower international phone bills and a better quality of service.

Analysys supports this proposal but argues that it is being watered down and its implementation is being delayed.

● The coming generation of digital pocket phones will represent a combined European Community business and domestic market of more than Ecu 2.5bn (£1.6bn) annually by 1995, according to estimates compiled for the Brussels Commission, William Dawkins writes.

Pocket phones should equal video recorders as popular electonics gadgets within a few years of their expected arrival on the market in the early 1990s, says the study.

It predicts a home cordless telephone market worth Ecu 1bn to Ecu 1.5bn, with cordless office systems worth another Ecu 1bn annually. Prices should be around Ecu 200 to Ecu 250 per set, far lower than the £1,000 now charged for portable cellular telephones in the UK.

Pocket phones designed to be used near "telepoints", which can only make outgoing calls, should create another Ecu 1bn to Ecu 1.5bn worth of annual sales to business users by 1995, with the domestic market adding Ecu 200m to that total.

"European telecommunications 1: Standards and ONP – keys to the open market" available from Analysys, 8-9 Jesus Lane, Cambridge, CB5 8BA, UK from March 29. Cost £245.

Brussels looks into way beer is sold in EC

By William Dawkins and Lisa Wood

THE EUROPEAN Commission yesterday launched a review of the way brewers sell their beers in the European Community in an attempt to ensure free competition in the run-up to 1992 and the single market.

The review, which could lead the Commission to change the current EC regulation on tied houses – the system whereby many brewers sell their beers – comes only days before publication of an investigation into the tied house system

The British Department of Trade said the timing was coincidental and denied that it had been discussing its own report with Brussels.

The Commission will look particularly at the special clearance it gave brewers in 1984, freeing them from restrictions on vertical integration. This block exemption allows brewers to oblige retailers not to sell other producers' drinks of the same type as long as they impose no other restriction.

Brussels' powers to enforce free competition apply to cross-border trade, so in theory it could only impose changes if it found the tied house system was being used to stop pubs from buying imported beer. But given the amount of foreign-brewed beer already found in bars across Europe, this places only a small limit on the Commission's scope to defend beer drinkers' rights to choose.

In Britain the City interpreted the Commission's move as paving the way for more radical proposals from the Monopolies and Mergers Commission's investigation into the UK brewing industry.

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Czechoslovakia's human rights campaign broadens its base

Leslie Colitt, recently in Prague, examines mounting opposition to the authorities and hopes for political reform

CZECHOSLOVAKIA'S tiny band of human rights campaigners has managed to break through to the public at large after more than a decade of struggle and self-sacrifice.

People are becoming more and more open in their criticism of the authorities and see the possibility of change, Mr Jiri Dienstbier, a prominent member of the Charter 77 civil rights movement, noted in his spacious, book-lined Prague flat.

A former correspondent of the Party newspaper Rude Pravo in Washington and Peking, the 51-year-old Mr Dienstbier was expelled from the party along with 450,000 other reformers after the Soviet occupation in 1968. He works as a stoker and is one of Charter 77's chief strategists.

"If people were not in prison this would be like an absurd play," he said drawing heavily on a cigarette.

An unprecedented 2,500 prominent Czechoslovak intellectuals had signed petitions to the leadership calling for the release of Mr Vaclav Havel, the playwright and Charter 77 co-founder, who was recently tried along with 7 other opposition members and sentenced to nine months imprisonment.

He was accused of "inciting" a banned mass demonstration which was brutally repressed last January while the others were found guilty of "hooliganism." A Charter 77 spokesman was subsequently arrested for "damaging the interests" of Czechoslovakia abroad.

"The irony of it is that this charge is what the leaders have been doing since last year," Mr Dienstbier remarked with a bitter laugh.

He noted that the ordinary Czech, who since 1968 suspected all politics was dirty, had accepted a great deal as he could pretend that he did not know what was happening. But now he had no wish to "look like a jackass" as his leaders tried to convince him that they genuinely wanted a "dialogue" with the population.

The leadership sensed that its back was to the wall but it wanted to make the "short run" of its remaining power as "long as possible," he said.

Mr Dienstbier was dubious that growing differences within the ruling Party Praesidium and between Party hardliners and Government pragmatists would lead anywhere as long as the pragmatists were afraid of repudiating the 1968 occupation and the period of "normalisation" which followed.

"What would they do with the hundreds of thousands of people purged from the Party is the question they do not want to face," he said.

Recent criticism in the Soviet press of the 1968 occupation indicated a possible reappraisal by the leadership in Moscow. But the articles were attacked by the Czechoslovak Party newspaper Rude Pravo as amounting to "interference" in Czechoslovakia's internal affairs.

Czechoslovak officials suggested that two younger members of the Praesidium, Mr Miroslav Stepan and Mr Karel Urbanek, were potential successors to Mr Milos Jakes, the 66 year-old Party leader who came to power in December 1987. He is regarded as a transitional figure because of his deep involvement in the post-1968 Party purges.

Neither of the younger men were reformers, Mr Dienstbier noted, but were eager to gain popularity and were capable of anything to help their careers. Mr Stepan, the Party First Secretary for Prague, began his career in the Communist youth movement in the early 1970s and was thus linked with "normalisation."

Mr Urbanek, head of the Committee for Party Work in the Czech Republic, had the advantage of starting his career in the second half of the 1970's. He rose from railwayman to become Party chief of Brno and was virtually unknown nationally until he entered the Praesidum last year.

Mr Tomas Tvaroch, a young pianist at the Prague Conservatory, was one of the thousands of young people who demonstrated last January 15 on the anniversary of the suicide death of Jan Palach, the student who set himself afire in 1969 in protest against the occupation.

Mr Tvaroch, who is a member of the recently formed Independent Peace Association, spent five weeks in detention for taking part in a demonstration last October. He said the most hopeful development was that today the pressure for reforms came from the people, and not from above as in 1968.

Like many Czechoslovaks he no longer believed that political changes would come about in his country at the instigation of the Soviet leader, Mr Mikhail Gorbachev. "I regard Gorbachev as the ruler of a great empire. His task is to make it as strong as possible. I think it would be a great mistake if, as in 1938, Czechoslovaks trusted someone else to come to their rescue. The changes must come from within."

Mr Tvaroch was heartened by the permission given to his organisation to hold its first public discussion meeting in a restaurant together with the Communist youth organisation. The meeting took place *shortly after Mr Havel and the* other opposition members were sentenced. Perhaps, Mr Tvaroch said, the authorities wanted to avoid another confrontation with the opposition, especially with young people.

One of the most adamant opponents of the orthodox leadership, Father Vaclav Maly, said he too had been received recently by the official Czechoslovak Society of Human Rights. "It is a first step toward a limited dialogue," he believed. "But we must be careful as they want to manipulate us. To prevent the pressure of society from building up they will have to make further concessions."

Dissidents' trial begins in Prague

THE TRIAL opened in Prague yesterday of two young dissidents imprisoned since last October and charged with incitement in connection with anti-government demonstrations last year, AP reports from Prague.

About 100 people cheered as Ms Hana Marvanova and Mr Tomas Dvorak, both leading members of the Independent Peace Association, were brought into the central Prague courtroom, witnesses said.

The trial is the latest act in a Communist crackdown against leading dissidents following a series of anti-government protests last year and an unprecedented week of unrest in January.

Mr Vaclav Maly and Ms Anna Sabatova, two leading members of the Charter 77 and VONS (committee for the unjustly persecuted) human rights groups were also admitted to the trial.

Ms Marvanova, a 26-year-old lawyer, and Mr Dvorak, 22, a technical worker, were detained last Oct. 28 and Oct. 22 respectively before a banned independent rally to mark the 70th anniversary of Czechoslovakia's independence.

The charges against the two young activists were changed several times during their pre-trial detention. They face incitement charges that could jail them for up to five years.

They read a 10-point petition including demands for free elections, the withdrawal of Soviet troops and the release of all political prisoners before about 10,000 people started a march around the city shouting demands for more freedom.

Women will dominate W Berlin government

By Leslie Colitt in Berlin

A CONTROVERSIAL West Berlin coalition government of Social Democrats (SPD) and Greens were elected to office in what both sides agree is a marriage of convenience.

In a departure from male-dominated German politics, eight out of 14 cabinet posts will be held by women, three of them Greens. Men, however, and Social Democrats, hold down nearly all the key posts. The Governing Mayor will be Mr Walter Momper, an SPD right-winger turned centrist.

Even before taking office, the "red-green" government has become the most fiercely debated in Berlin since 1947.

Mr Momper is still trying to convince some third of his own party that the coalition with the Alternative List (AL), as the Green party is called in West Berlin, is not a betrayal of postwar SPD values.

Academics stand out in the coalition – including all the women as well as Mr Momper. The only really surprising choice was that of Mr Norbert Meisner, a theologian, to head the finance department.

Mr Momper, who previously led the SPD in opposition, is one of the few members of the government with a working class background. Workers, however, are even more rare in the AL where teachers and other academics predominate.

There could be no greater contrast between the dour, balding Mr Momper who looks much older than his 44 years, than his AL counterpart, Mr Hans-Christian Ströbele, who negotiated the coalition with the SPD but remains outside it.

Mr Ströbele, a boyish-looking 49-year-old lawyer, recently advocated West German withdrawal from Nato and said he agreed with many of the arguments of the Baader-Meinhof terrorists, whom he defended in the 1970s, but not with their conclusions i.e. terrorism.

But although highly critical of US global policy he noted that the AL was "pleasantly surprised" that the US and the other Western allies in Berlin had not tried to deter Mr Momper from negotiating a coalition with the Greens. "They were very fair," he said.

Medicine takes mystery out of Florentine affliction

By John Wyles in Rome

FOR YEARS it has been a conversation stopper; the ultimate in one-upmanship, particularly where more than two hypochondriacs are gathered together. "Well, there I was darling, gulping in the beauties of Giotto's tower when it finally struck. Stendhal's Syndrome, you know. I have always felt myself vulnerable."

The one-up person then casually refers to the French writer's visit to the church of Santa Croce in Florence in 1817 when he was suddenly seized by violent emotion, his heart palpitating and his balance threatened by vertigo.

Such has been the regular flow of tourists seeking refuge in Florence's Santa Maria Nuova hospital, complaining of similar symptoms that the doctors there have carried out a survey of 106 tourists treated over the past 10 years.

The findings suggest that the self-regarding cocktail party hypochondriac may wish to be less associated with Stendhal's Syndrome in future. First and foremost the condition appears to affect more men than women, particularly those aged between 25 and 40 who are making their first foreign trip, often on a package tour.

Some appear to be psychologically deprived because of separation from their parents, and many have been receiving psychiatric treatment. "We are dealing with a mental immaturity which cannot cope with the bombardment of emotional experiences, with the explosion of beautiful things," said Professor Graziella Magherini, director of the psychiatric section of the Florentine hospital.

The symptoms of loss of sense of sound and colour, hallucinations, anxiety and panic are also associated with the "if its Tuesday, it must be Florence" type of holiday which packs in a city a day.

Such is modern tourism, however, that only a minority of visitors to Florence are ever confronted with the sights which brought Stendhal to his knees. A survey has established that 80 per cent do not stray from the route which takes them from the station, to the Duomo, to Piazza della Signoria and to the Uffizi gallery.

ESA defers decision on earth monitor

By Peter Marsh

THE 13-NATION European Space Agency yesterday headed off a potential row between Britain and France by deferring until October a decision over which country would take the lead in designing a new space platform for monitoring the earth.

The agency said it had put off the decision to allow more time for the two companies which have submitted rival designs – British Aerospace and Matra of France – to provide extra information.

The platform is due to be part of ESA's $4bn Columbus project to develop a manned laboratory which is to plug into a large US space station due for the late 1990s.

Until a few weeks ago, Britain had expected to be put in charge of designing the platform, which is to be unmanned and will zoom over the North and South poles to take pictures of the earth for use in spotting minerals deposits and in weather forecasts.

France proposed its own design, which is based on that for its Spot series of earth-monitoring satellites, after concern that the British design might be too expensive.

ESA members have also been annoyed by Britain's generally lukewarm attitude to the Columbus project. Britain has agreed to pay 5.5 per cent of the costs of the scheme, as opposed to much larger shares by France, West Germany and Italy.

British Aerospace said it was pleased by the lack of a decision and was hopeful that its design would be chosen.

Balkan disputes take a back seat to co-operation on trade

By Jim Bodgener in Ankara

STATEMENTS OF good intent boding well for future trade co-operation were issued yesterday following an unusual two-day meeting of Balkan economic ministers in Ankara.

The first of its kind, it agreed to review the progress bi-annually at meetings rotated between the six Balkan states: Turkey, Greece, Bulgaria, Yugoslavia, Albania and Romania.

The countries, which are divided by a web of complex bilateral disputes, agreed in a joint communique on a dozen proposals aimed at encouraging regional trade. Suggestions included the establishment of a Balkan Chamber of Commerce, which might ease documentation and other bureaucratic procedures.

In the same vein, the ministers considered the establishment of agreed arbitration channels for trade disputes. They also recommended that that visa and other border formalities be simplified.

Improving trade relations could have spin-offs in other areas, said Turkey's State Minister for the Economy, Mr Yusuf Bozkurt Ozal, in a reference to Ankara's long-standing differences with Sofia over the alleged persecution of Bulgaria's Turkish minority.

Iran to tap parts of Arab Gulf offshore reserves

IRAN SAID yesterday it was ready to tap into offshore oil and gas fields it had found it shared with Gulf Arab states, Reuter reports from Nicosia.

Tehran Radio quoted Mr Gholamreza Aghazadeh, the Oil Minister, saying seismographic tests had revealed that several oil and gas fields already exploited by the southern Gulf states extended into Iran's continental shelf.

Mr Aqazadeh said there was no legal reason why Iran should not exploit the joint fields, off Qatar and the United Arab Emirates. He also said Iran intended to increase its offshore oil production to 700,000 barrels per day from the current 230,000 b/d within four years.

He said tests over the past 18 months showed a gas field off Qatar, one of the biggest in the world estimated to hold 6-10 trillion (million million) cubic feet, extended 20 km into Iran's waters. Tehran radio, monitored in Nicosia, quoted the minister as saying Iran would determine how much gas was in its side of the joint reservoir with Qatar after drilling exploratory wells.

Mr Aqazadeh said the Fateh and Fallah oil fields off Dubai and two other fields off Sharjah and Ras al Khaimah in the southern Gulf also extended into Iranian waters. The three emirates are part of the UAE. He said tests on two oil fields facing Saudi Arabia were continuing.

He said Iran had found a new oil field at Sirri in the southern Gulf which could boost output from the area by 10,000 b/d, and new reserves near joint fields with Dubai.

Irna, the Iranian news agency, quoted Mr Aqazadeh saying a budget bill being debated in parliament allows the ministry to spend proceeds from the export of 50,000 b/d of oil to rebuild oil installations during the next Iranian year beginning on March 21.

The money will be spent to repair seven offshore oil fields and oil-loading jetties at the Kharg Island main export terminal, badly damaged in the eight-year war with Iraq which stopped with a ceasefire last August.

Mr Aqazadeh said talks with the Soviet Union on resuming natural gas exports had reached agreement on technical aspects and volumes but Tehran and Moscow had yet to agree on price.

US congressmen urge Hong Kong elections

By Robin Pauley, Asia Editor

A RESOLUTION urging direct elections in Hong Kong to try to ensure the continuation of democratic rights when the British colony passes to Chinese control in 1997 has been tabled in the US House of Representatives.

The non-binding resolution, proposed by Congressman John Porter, a Republican from Illinois, urges the British Government to ensure the highest possible degree of direct elections in 1991 and 1994 to the Legislative Council of Hong Kong to establish democratic institutions before China takes control.

It also calls on President Bush to stress to China and to Britain the importance the US places on guarantees of basic human rights for Hong Kong's citizens and the continuation of Hong Kong's capitalist system.

Anxiety about guarantees for the future welfare of Hong Kong's 5.5m inhabitants has risen since the Sino-British Joint Declaration on the colony's future was signed in 1984.

British hopes to introduce partial direct elections to the Legislative Council in 1988 were scuppered by Chinese hostility, and there are renewed fears about China's intentions because the latest draft of the Basic Law puts election of Hong Kong's chief executive back into the next century with caveats that could prevent such a direct election ever occurring.

China's recent harsh suppression in Tibet of demonstrations demanding more autonomy and human rights by Tibetans has also reawakened fears about the future treatment of Hong Kong and its residents.

The US resolution, with six co-sponsors, cites the importance of Hong Kong to the US economy with $6bn (£3.5bn) of US investment in 1987.

Soviet forces to quit Mongolia

THE Soviet Union is to begin a large-scale troop withdrawal from Mongolia in May, agencies report from Peking.

The pullout of some of the 50,000 Soviet troops in Mongolia will coincide with the first Sino-Soviet summit for 30 years and is a further sign in the easing of tension between the two Communist superpowers.

In related developments a Mongolian Embassy official in Peking said Mongolia had also decided to cut its own armed forces by thousands of men.

And Mr Tserenpilyn Gombosuren, the Mongolian Foreign Minister, will visit China at the end of this month, the first such visit.

China yesterday welcomed the Soviet decision to begin to pull its troops out but is unlikely to make reciprocal withdrawals from the disputed Sino-Soviet border region.

The Soviet troops were sent to Mongolia, a close ally of Moscow, in 1966 at the height of the bitter Sino-Soviet ideological dispute from which the two countries are emerging.

South African loan deal may unlock fresh funds

By Norma Cohen

SOUTH Africa's commercial bank lenders will be offered a first-ever chance to securitise their loans in a deal with could encourage new foreign lending to the country. The deal involves a complex trade for higher-yielding tradeable floating rate notes partly backed by 20-year zero-coupon US Treasury bonds.

The plan, which has the approval of the South African Reserve Bank and the backing of a group of South African investors, is seen as an effort to broaden what has been a shrinking pool of lenders to the country in response to its apartheid policies.

South Africa has been hard pressed for new foreign loans since 1985 when US banks refused to role over existing short-term debt.

The plan's promotors say it is not clear that development of a secondary market in South African debt will prompt a flow of new capital into the country. If the first offering is successful, they plan to follow up with further loans-for- notes offers, thus guaranteeing those who do lend fresh capital that they may quickly off-load their debts. And if bank regulators agree that the new notes are not South African risk, they say it may help banks reduce the volume of reserves they are now required to hold against the loans.

The complex plan is being offered by UK-based Gemini Capital in which South Africa's UAL Merchant Bank is a one-third owner. UAL and a group of local pension funds will invest the equivalent of $7.5m in capital which will represent the core equity investment in the scheme.

Gemini has established a special purpose company in the British Virgin Islands, to be named Stratus, which will own the zero-coupon Treasury bonds. Stratus in turn will offer to buy, for $40m, South African loans from lenders with a face value of $51m. The lenders in turn will receive $40m in 9½-year floating rate notes. The 22 per cent discount lenders will receive on their loans is much smaller than the roughly 40 per cent discount now accorded to South African loans in the secondary market.

Stratus will only buy banks' short term loans to the Public Investment Corporation which yield ⅞ points over London interbank offered rates (Libor). However, South African authorities have agreed to swap the loans for the higher yielding 9½ year term loans, technically the legal obligations of four South African public entities, which pay interest at 1¼ over Libor.

Australian trade deficit improves

By Robin Pauley

AUSTRALIA'S string of poor trade figures eased in February but the underlying trend remains poor and Government ministers led by Mr Bob Hawke, the Prime Minister, moved quickly yesterday to warn against complacency.

The current account deficit for February, announced yesterday, was A$1.16bn, higher than in the same month last year, but an improvement on the exceptionally bad January figure of A$1.64bn which sent tremors through international markets and caused the government to take emergency action to cool down the overheating economy, principally by raising interest rates to around 16 per cent to curb consumer demand.

One month's figures can be deceptive and the underlying trend in Australia is of an economy still running too hot. "Overall I am pleased with the lowering of the deficit, but there is no room for complacency," said Mr Hawke.

The cumulative current account deficit in the eight months to the end of February widened to A$10.98bn from A$8.16bn a year earlier. The current account deficit for the fiscal year to July now looks likely to reach A$14bn compared with A$12.3bn in 1987-88.

Petty apartheid proves bad for business

Anthony Robinson reports on the success of Carletonville's black consumer boycott

BANKRUPTCY is staring in the face of dozens of white and Indian-owned stores in the mining town of Carletonville as a mining union-led consumer boycott in protest against the re-imposition of whites-only signs enters its third week.

After most paydays thousands of black miners who work deep underground in the gold mines of the Western Reef drive to Carletonville to spend their money. This month it is a different story. For Carletonville, whose white electorate voted for right wing Conservative councillors in all wards of the city council at last October's municipal elections, has become the latest white-run town to learn that if it wants to keep the town white then black consumers will oblige by taking their custom elsewhere.

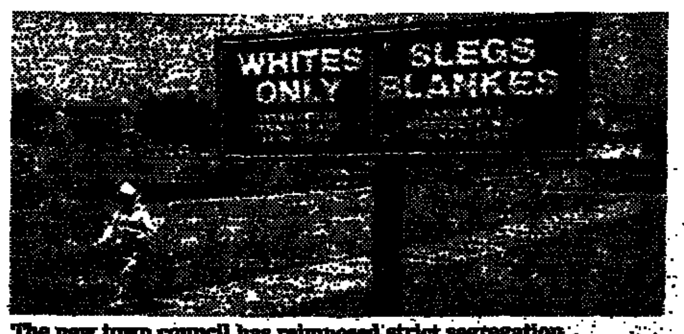
Usually thriving stores are empty while black taxi owners have been busy ferrying miners and other black workers to other towns in the area. Cosatu, the powerful black trade union federation, is determined that Carletonville will remain a virtual ghost town until the town council agrees to tear down recently-erected whites only signs, unlocks the toilets and reopens other facilities like public parks.

Already tempers are getting frayed. Earlier this month two limpet mines exploded outside the civic centre, now cordoned off with razor wire. Angry conservative whites have fought with blacks wanting to use public telephones while police have arrested black youths charged with intimidating potential black buyers.

Significantly, however, the Government has refrained from using emergency laws which specifically prohibit the sort of consumer boycotts which brought Port Elizabeth and other white towns to their knees at the height of the black revolt two years ago.

The Government is delighted that the Conservative Party is facing such a tough black reaction to the newly-elected right wing councils' efforts to fulfil their electoral pledges. At a speech in Nigel this month, Mr F.W. de Klerk, the recently-elected National Party boss, accused the CP of "dragging South Africa's name through the mud" by trying to re-impose "petty apartheid" in the towns it now controls.

Boksburg was the first of the mainly working class white towns around Johannesburg to re-introduce what is called petty apartheid shortly after the CP won control over over 90 town and village councils at last October's municipal elections. As such, it became the first to experience the negative



The new town council has reimposed strict segregation

effects of the withdrawal of black consumer power. Carletonville is now going the same way – but with some significant differences. Boksburg's spontaneous reaction was channelled by leaders of the local black and coloured town councils.

The Carletonville boycott is being co-ordinated by the mineworkers union (NUM), a Cosatu affiliate, with considerable, albeit discreet help, from the area's biggest employer, the giant Anglo American Corporation which owns two of the biggest mines in the area – Western Deep and Elandsrand.

Mr Gavin Relly, Anglo's chairman, has sent a stiff letter to senior management in the area underlining the corporation's commitment to non-discrimination and promising "firm action against employees who act in a racially abusive or insulting manner". He has made clear that while Anglo respects the right of individuals to hold their own opinions, it is not obliged to do business with those whose views run counter to the above principles. Put into plain English, this is a message which spells trouble for several councillors who hold lucrative Anglo contacts.

Anglo, for wider policy reasons, will have nothing formally to do with sanctions or boycotts. It has won some concessions from the council by backstage arm-twisting. For example, it managed to persuade the council that the largely Anglo-funded technical college in the town will remain multi-racial and that residents of Wedela, the nearby Anglo-sponsored black owner-occupied mine village would be welcome in future as members of Anglo delegations to the council. On their first visit to the new council, however, black residents were asked to leave.

Although Anglo is the biggest employer in the area it is not the only one to complain that apartheid is bad for business. Last week local businessmen and retailers supported by Assocom, the biggest private employers' association, decided to urge the council to scrap petty apartheid as the only way to get the boycott lifted before they and their businesses were bankrupted. At the same time organised business is also stepping up pressure on Pretoria to scrap remaining apartheid laws like the Separate Amenities Act.

Last month the police quietly issued a circular advising officers to turn a blind eye to transgressions of the Act. In practice it is already a law which black determination, rather than belated white pressure, has made a dead letter.

Events in Carletonville are one more sign that social progress through black economic empowerment is the name of today's game in South Africa.

Cocking a snook at the educational establishment

David Dodwell reports on the challenges facing Australia's first private university

FOR EVERY member of Australia's academic establishment who thinks Don Watts is a heretic, there is likely to be a business executive who claims he is a visionary.

Professor Don Watts is about to launch what he describes as "the greatest challenge in the whole British-based tertiary education system."

As vice chancellor of Bond University, Australia's first private university, which aims to open in May for 400 fee-paying undergraduates, Don Watts has thrown down the gauntlet before the country's educational establishment.

Critics taunt that he is presiding over a degree factory for the sons and daughters of the rich who do not have the brains to make it to one of Australia's 20 state universities. But Professor Watts riposts that he is about to launch an institution uniquely responsive to the educational needs of students, and of the companies who will, in due course, employ them.

With an original A$300m ($246m) given by Mr Alan Bond, the flamboyant head of Bond Corporation, and his long-standing corporate bedfellow, Mr Harunori Takahashi, head of EIE in Japan, the aim is for Bond University to grow to 2,500 students by 1992. Further funding of about A$450m will be needed in due course to take the university to a targeted 10,000 students by the turn of the century.

Don Watts sees his mission as breaking a complacent public monopoly of tertiary education in Australia: "Public monopolies are no more acceptable than private monopolies, so the private alternative makes the public system more accountable."

As former vice chancellor of Curtin University of Technology in Perth, the 54-year-old professor of chemistry believes the country's education system is unresponsive to social and economic needs, and accountable only to academic and political bureaucrats rather

Professor Don Watts – visionary or heretic

than to students, parents, or industry.

Some have said that a private university will aggravate inequity by undermining the present meritocratic system of tertiary education and allowing a privileged minority to secure privilege by buying university places. But Don Watts attacks an academic bureaucracy that he says has created inequity by allowing the demand for tertiary education to overrun the growth in supply.

At present the education system "leaves the consumer without power within a system that lacks external accountability," he claims, adding that this is why Australia's private sector proves so reluctant to put funds into universities.

Bond University has been either scorned or ignored by most Australian academics since building began 19 months ago on a 300 hectare site south of the Gold Coast in Queensland's south-eastern corner.

But as the first students cross the threshold of what will still be more of a building site than a hallowed centre of learning, neither response seems appropriate.

It is already clear that the Bond University campus is about to become one of the most spectacular in Australia. A setting on the Gold Coast, with its halcyon climate and Honolulu-flamboyance, of course gives it a head start.

But a glamorous setting does not make a great university, and parents of students who are paying A$6,000 ($4,900) a term to study there would not be impressed by Nissen huts and meagre functionalism.

Yet, Bond University may perform a bridging role between Australia's education sector, and its technology-starved industry. Students will have to pay at least A$36,000 for a degree, so the institution provides a mediocre product at its peril.

At a local level, it is likely to provide a dramatic stimulus to the Gold Coast – at present little more than a tourist haven – and Queensland, where Bond University is already linked with the state's three other southern universities to form an ambitious "technology quadrangle."

The joint commitment of Mr Bond and Mr Takahashi to cementing closer links between Australia and the rest of Asia is also likely to make Bond University the most international in the country. The target is for 40 per cent of the student population eventually from Asia and the US.

The university's radical commitment to close links with industry – critical because it will only survive financially if it attracts private sector funding on a sizeable scale – also sets it apart.

The university's degree programme crams 42 weeks of undergraduate study into three terms each year, enabling students to graduate in two years, rather than the usual three.

"The great value of Bond University to Australia lies in its independence and its freedom to do its own thing in testing new methods and in running risks," Don Watts concludes, but it may be some time before he persuades Australia's discomfited academic establishment to agree.

Islamic states denounce British author

ISLAMIC states yesterday denounced British author Mr Salman Rushdie as an apostate and pledged to boycott his publishers unless they withdrew The Satanic Verses, an Iranian delegate said, Reuter reports from Riyadh.

The delegate attending the Islamic Conference Organisation (ICO) foreign ministers' conference refused to be named, but said "The ICO has unanimously supported the view of Iran that Rushdie is an apostate (someone who abandons his faith)."

Asked if foreign ministers of the Islamic Conference Organisation had also adopted a boycott of the book's publisher, Viking Penguin, he said: "Yes if they continue in this way (publishing the book)."

No independent confirmation was immediately available. Iranian leader Ayatollah Ruhollah Khomeini ordered the killing of Mr Rushdie for alleged blasphemy against Islam and Tehran had sought ICO endorsement of its stance.

The foreign ministers also recognised an interim government formed by rebels fighting the Soviet-backed Kabul government, giving it the vacant Afghanistan seat.

Mr Gulbuddin Hekmatyar, Foreign Minister of the Afghan interim government, took the seat at a meeting of the 46-member organisation to sustained applause.

The delegates said only a few countries abstained during a vote on whether the seat, left vacant after the 1979 Soviet intervention in Afghanistan, should go to the Moslem rebels.

Japanese banks raise Third World doubts

By Stefan Wagstyl in Tokyo

JAPANESE banks say their participation in new loans to Third World countries – following the announcement of new US debt proposals last week which focus on debt reduction – will depend on conditions which still have to be settled in detailed talks between banks and governments in creditor and debtor countries, as well as the International Monetary Fund and the World Bank.

In particular, the banks hope the debt plan will persuade the authorities in Tokyo to ease rules on accounting for Third World debt, which are stricter in Japan than elsewhere. The banks' main hope rests in the Japanese Government's wholehearted support for Mr Brady's initiative. The banks believe Japan's interest in playing a more important role in world affairs may tempt the Government into easing restrictive domestic regulations.

The bankers point out that a key element of Mr Brady's plan is a call for changes in tax, accounting and banking regulations where necessary.

The Ministry of International Trade and Industry (Miti) has decided to guarantee debt-for-equity swap deals under its trade insurance system to help solve Third World debt problems, officials said, Reuter reports from Tokyo. They said the first debt/equity swap deal to be covered under the MITI insurance system will be a plan by a joint venture between Kyowa Hakko Kogyo and Sumitomo Corporation to build a livestock feed factory in Mexico.

Japanese banks are second only to the US in exposure to Third World countries – with about $80bn in outstanding loans. But the regulations covering lending to problem countries are much tougher than in the US or Europe. For example, banks can make provisions for only 15 per cent of loans to Third World countries. This was raised in January from 10 per cent, but is still well short of the 25 per cent to 50 per cent level of provisioning general in the US and in Europe.

Moreover, only 1 percentage point of these provisions can be deducted from tax. The ministry also makes it difficult for Japanese banks to engage in innovative forms of debt write-offs and write-downs used elsewhere such as debt-equity swaps. For example, Japanese banks have established an offshore factoring company to which they sell their debts at a discount but the ministry approves such sales on a case-by-case basis – and has so far allowed banks to sell only Mexican and Brazilian loans.

However, Japanese banks admit it might prove difficult to persuade the Ministry of Finance to ease regulations which would result in banks paying less tax. While the ministry's International Finance Bureau is in favour of reform, the powerful and inward-looking National Tax Administration is not. Nevertheless there could be scope for interpreting existing rules more favourably.

The banks will also be looking keenly to see how much official financial support the Japanese Government will put into the new initiative. It has announced that the state-owned Export-Import Bank will help by making "parallel loans", that is lending public money alongside funds from private banks, thereby spreading some of the risk. But the authorities have yet to disclose how much money will be available. Japanese newspapers say several billion dollars.

Equally important will be the nature of any guarantees or other support which the World Bank may give to loans made under the new initiative. Inevitably banks will be very reluctant to lend new money until they think they have extracted the best possible terms from governments. Nor will Japanese banks rush to take any of the burden for Third World lending from their US counterparts.

In other words, while the Japanese Government wants to expand its influence in international financial affairs, Japanese banks want to make sure this influence is not bought with their money.

Tokyo's Mexican lending depends on IMF deal

JAPAN IS ready to lend more to Mexico if it come to agreement with the International Monetary Fund on a plan to revamp its economy, Japanese officials said yesterday, Reuter reports from Tokyo.

They said that message was delivered by Mr Tatsuo Murayama the Japanese, Finance Minister, to Mr Pedro Aspe, his visiting Mexican counterpart at a 30-minute meeting in Tokyo yesterday. "We hope that Mexico will come up with a viable economic restructuring programme," Mr Murayama said. The Japanese Finance Minister also said that agreement on an IMF-approved programme was important in the context of the new US debt strategy unveiled last week by Mr Nicholas Brady, the Treasury Secretary.

Mr Aspe said that for Mexico to continue to restructure its economy, "we want to ask for Japanese financial assistance." He wants the Export-Import Bank of Japan to lend Mexico money in parallel with funds from the IMF and in co-financing deals with the World Bank. He emphasised that Mexico had tried to put its economy in order over the past six years and pledged to continue those efforts.

Mr Aspe will meet Mr Satoshi Sumita, Bank of Japan Governor, Mr Sosuke Uno, the Foreign Minister and top Export-Import Bank officials today before flying to Amsterdam for the annual meeting of the Inter-American Development Bank.

Sri Lankan budget sees poverty plan curtailed

By Mervyn de Silva in Colombo

THE large-scale poverty alleviation programme which helped to win the Sri Lankan presidential election for Mr Ranasinghe Premadasa in December was drastically curtailed in yesterday's budget, putting the government in a much stronger position to renegotiate a loan with the International Monetary Fund.

The "radical restructuring" of the programme, President Premadasa's pet project, with a substantial cut in its initial costs also helped to calm Sri Lanka's business community fears of a sharp increase in the inflation rate if it had proceeded unchanged.

The electoral pledge guaranteed the poorest 7m Sri Lankans – 45 per cent of the population – Rupees 2,500 (£45) a month, half to buy essentials and half to be utilised as compulsory investment for two years. It would have cost Rupees 42bn to implement fully.

Mr D.B. Wijetunge, Prime Minister and Finance Minister, has cut the programme to a more manageable Rupees 10bn to help the poorest of the poor, about 300,000 people.

The pressure to scale down the programme came principally from Sri Lanka's aid donors which have remained consistently supportive during years of ethnic unrest and economic decline. "It was persuasion rather than pressure," said a Western diplomat who said Sri Lanka had asked eight major donors for interest-free loans.

But the central issue was the second instalment of a SDR225m structural adjustment facility from the International Monetary Fund. Sri Lanka has already drawn down the first 20 per cent instalment of SDR45m and now needs to negotiate for the next 30 per cent or SDR67m. The IMF was known to be anxious about the economic implications of the original poverty-alleviation programme.

To sustain Mr Premadasa's image as "the common man's president", the budget included a surcharge on all higher rate taxpayers, and heavy duties on luxury imports such as cars. He also introduced a novel scheme to draw the black economy into the investment side of the economy.

During the next three months, "black" money may be deposited in the national savings bank with no questions asked. The depositor will forfeit 20 per cent instantly. The rest can be invested through the bank for the next three years in labour intensive industrial and agricultural projects.

● Suspected Sinhalese militants attacked four police stations in southern Sri Lanka this week and killed at least five policemen before escaping with rifles and shotguns, a military official said yesterday, AP reports from Colombo.

The official said two of the police stations were in the capital and the others were in the Sinhalese heartland in the south. Sinhalese militants are opposed to the accord signed with India in 1987.

Jordan calls in IMF assistance on foreign debt

By Lamis Andoni in Amman

A DELEGATION from the International Monetary Fund is expected to arrive in Jordan tomorrow to discuss Jordanian government efforts to revive the economy and reschedule foreign debt of $6.5bn.

Despite an initial reluctance to approach the Fund, Jordan's hopes of further aid from Gulf states are subsiding and negotiations with the IMF are seen as the only way of maintaining scanty foreign exchange reserves and covering the budget deficit.

The kingdom's debt service burden amounts to $900m in 1989, including $500m interest. A hard currency shortage and the budget deficit, which amounted to one third of the annual budget in 1988, have forced a 30 per cent depreciation of the dinar since October.

The IMF has recommended cuts in public expenditure, a re-structuring of the taxation system and policies to reduce unemployment. An estimated 40 per cent of the government's expenditure goes on defence and much of the rest is earmarked for interest payments.

The Jordanian Government, struggling to maintain reasonable food prices, recently announced that it was subsidising the import of large quantities of poultry meat from France, a move criticised by some economists, who argue that it conflicts with the decision to seek the IMF's help and to decrease the deficit. Total food subsidies this year are expected to cost more than $100m.

AMERICAN NEWS

US to ask surplus countries to follow Japan's lead

Mulford spells out debt proposals

By Peter Riddell, US Editor in Washington

THE present capital resources of both the International Monetary Fund and the World Bank should be "ample" over the next two years to support an expanded role by them in assisting voluntary debt reduction programmes by the most indebted countries, Mr David Mulford, the US Treasury under secretary for international affairs, argued yesterday.

In testimony to both Senate and House committees, Mr Mulford explained the proposals on debt reduction put forward last Friday by Mr Nicholas Brady, the US Treasury Secretary.

While generally welcoming their thrust, some Congressmen expressed scepticism about whether they would work and opposed any new support by US taxpayers.

Mr Mulford said the US would ask other surplus countries to follow Japan's lead in offering "parallel" financing in co-operation with that provided by the multilateral institutions. He did not name any countries, though noted that the US was not in a position "to put up additional funds as the Japanese intend to do."

Flying to the annual meeting of the Inter-American Development Bank in Amsterdam after his testimony, Mr Mulford said he hoped for "some considerable progress" in getting a consensus on these issues at the meetings in Washington in just over a fortnight of the IMF interim committee and the joint IMF/World Bank development committee. This will be followed by staff work on detailed implementation.

Mr Mulford confirmed that the Treasury had produced internal illustrative estimates that its new debt-reduction policy could cut the total owed by 39 developing countries by $70bn, or roughly 20 per cent, over three years, while reducing by more than $20bn, also about a fifth, from these countries' interest payments over the same period.

The estimates assume that these reductions will be achieved with a total of between $20bn and $25bn provided by the World Bank and IMF as part of the incentives to encourage commercial banks to reduce the principal and interest payments on loans.

David Mulford: hoping for debt progress

Unctad welcomes Brady plan but warns over resources

By William Dullforce in Geneva

THE US Treasury's new proposals for tackling developing country debt were welcomed yesterday by the third world forum, the United Nations Conference on Trade and Development, which called for a 30 per cent write-off of commercial bank debt last September.

But Unctad warned against underestimating the size of the additional financial resources that will be needed and the role that governments of creditor countries would have to play, particularly in dealing with "free riders" among the banks.

The plan outlined by Mr Nicholas Brady, US Treasury Secretary, had finally "let the (debt reduction) genie out of the bottle," Mr Roger Lawrence, Unctad's co-ordinator of resources for developing programmes, said.

It also had the virtue of extending the industrialised nations' debt strategy to a wider range of developing countries than the 15 highly indebted nations named in the 1985 Baker plan evolved by Mr James Baker, the former US Treasury Secretary, now Secretary of State.

However, Mr Lawrence – the principal author of Unctad's own debt plan – pointed to several potential difficulties in the Brady proposals.

Nicholas Brady: 'let the genie out of bottle'

The interaction between debt reduction and new lending had to be handled carefully, he said.

Unctad estimated that, to restore reasonable economic growth in the debtor countries, an additional cash flow of some $8bn to $10bn a year would be required from the banks. This could be translated into a debt reduction of about 30 per cent.

To be effective, debt reduction had to be substantial. Otherwise, its introduction would discourage the little new lending that was presently occurring or even bring it to a complete halt.

Similarly, funds from international agencies such as the International Monetary Fund and the World Bank used to facilitate debt reduction should be additional to the monies that the debtor countries could have expected to receive from them in the normal course of events.

Dealing with the problem of "free riders" – banks that benefit from a debt programme without taking part in it – was central to the success of a debt reduction strategy, Mr Lawrence said.

This issue required a concerted effort by governments to ensure that all parties participated fully in the process.

Mr Brady's proposals call for voluntary debt reduction but, once adequate incentives for the banks had been put in place, governments would have to "ensure that there are a sufficient number of volunteers" Mr Lawrence said.

The suggestion that a general waiver of negative pledge clauses (guaranteeing equal treatment) in loan agreements should be put in place, to allow banks to negotiate debt reductions individually, was helpful, Mr Lawrence said. But it raised the question of the size of the discounts.

Venezuela eases debt-equity swap terms

By Joe Mann in Marcaibo

THE VENEZUELAN Cabinet has approved a decree liberalising conditions for debt-equity swaps involving the country's public sector external debt, and for capitalisation of private sector foreign debt.

The Government of President Carlos Andres Perez, which was installed on February 2, hopes the decree will spur action on swap agreements for $2bn to $3bn in projects that have been under discussion for over a year.

The new rules authorised debt conversions for import substitution, exports of non-traditional products, and in cases where a Venezuelan company is in danger of going bankrupt.

Priority areas for debt conversions are agriculture and agro-industry; pulp and paper; construction and maintenance of hotels and tourist infrastructure; transport systems; low-income housing; capital goods; pharmaceuticals; chemicals and petro-chemicals; metallurgy, including aluminium; mining; electronics; data-processing and biotechnology.

A debt-conversion programme was initiated under the previous government, but relatively few agreements were approved, due to uncertainty over foreign exchange rates and over the incoming government's likely policy.

New fears over delay in Brazil payments

By Ivo Dawnay in Rio de Janeiro

FRESH delays on Brazil's debt service payments to foreign creditors are once again worrying commercial and institutional bankers.

At the same time, Mr John Lentz, a senior loan officer of Eximbank, the US trade finance institution, told bankers in Sao Paulo that about $750m (£436m) in loans to state companies have been delayed for three months.

According to the business newspaper, Gazeta Mercantil, Mr Lentz said the Government had explained that the postponement was because of Congress's failure to complete Federal budget approval proceedings. Eximbank has some $2.1bn exposure to Brazil, almost all to state sector companies.

Bankers said they had not yet received an interest payment of nearly $400m, due on Wednesday under last year's $5.2bn rescheduling package.

A few months ago, Brazil held up payment of interest to commercial banks for a week, blaming problems in the Central Bank's computers.

At the time, some bankers suggested the delay was more likely to be deliberate brinkmanship aimed at putting pressure on creditors.

Governors of the Inter-American Development Bank (IADB) are due to meet in Amsterdam this week where a waiver on a key element in Brazil's debt agreement is expected to be discussed.

Creditors had themselves postponed the release of a $600m second tranche of "new money" loans, as a consequence of a clause requiring prior conclusion of a long-delayed $500m World Bank loan for the power sector.

This week World Bank officials offered an alternative $1bn loan package to surmount hurdles relating to Brazil's nuclear programme, thereby making approval of the waiver almost certain.

Brazil's new economic austerity programme is also expected to win approval from the International Monetary Fund (IMF) clearing the last obstacle to the release of the commercial bank funds.

Clear signs of US slowdown in latest batch of statistics

By Anthony Harris in Washington

CLEAR signs of slower growth in the US economy emerged yesterday in a package of US economic statistics. Federal Reserve figures showed no growth in the volume of industrial production in February, and the first fall in capacity utilisation since September 1987.

Separately the Labour Department said new unemployment benefit claims rose by 24,000 (7.5 per cent) in the week ending March 4.

There was little reaction in the bond markets, which are waiting for the inflation figures today.

At the same time the Commerce Department announced a sharp 7 per cent fall in new housing permits, the most reliable indicator of future activity in this sector. The department also issued revised figures for retail sales, based on a more up-to- date benchmark, which confirmed the 0.4 per cent fall in retail sales value in February announced yesterday.

This was due mainly to weak cars sales, and low demand fed through to automotive output, which fell 0.7 per cent in the month. Further falls are likely, since industry reports, confirmed in the regional reports from Federal Reserve member banks, show that car inventories are swollen. The weak market also suggests that the sharp fall in car imports in January will be sustained.

Output of business capital equipment, on the other hand, sustained the strong trend of the last 12 months, with an increase of 0.8 per cent in the month. Output in this sector has been running more than 8.5 per cent above its level a year earlier for the last four months.

The fall in capacity utilisation, down 0.2 per cent to 84.3 per cent, is marginal, but it breaks a long upward trend which has been of particular concern to the Federal Reserve. It was spread over virtually all sectors apart from aerospace, which is struggling to meet demand, electrical machinery, and the public utilities, whose sales are strongly influenced by the weather.

The 7 per cent fall in new home building permits came after a 3.8 per cent fall between December and January, and represented a fall of 1.7 per cent from its level in February 1988, when the industry was beginning to recover from a slump. There was still a steep 11 per cent drop in new housing starts, but this partly relfected the abnormally high activity in the very mild January level. The figures for new starts, unlike those for permits, are subject to large revisions.

Chile prepares emergency aid for fruit industry

By Barbara Durr in Santiago

THE Chilean Government is preparing emergency financial measures to assist both fruit industry companies and workers following the barring of Chilean produce from US, Japanese and Canadian markets on Monday.

The shutdown stems from the discovery in the US last weekend of two grapes with traces of cyanide, apparently injected deliberately. Already fruit exports are piling up and workers are being sacked.

Top-level discussions between Chilean and US officials began on Wednesday in Washington to resolve the matter quickly. In the meantime, Mr Miguel Angel Poduje, the Minister of Government, has said the regime's priority was assistance for the 200,000-plus fruit workers who stand to lose their jobs.

Mr Guillermo Ramirez,the Superintendent of Banks, has also indicated that fruit exporters, who risk losses of $250m, would receive temporary extensions on their loan obligations.

Mr Enrique Seguel,the central bank president, has also offered the use of the country's $2.5bn in net foreign exchange reserves, as well as its copper stabilisation fund, to assist the fruit industry.

Financial analysts say this means the central bank would take over loans that commercial banks are unwilling to carry for fruit companies. These would probably be restructured with buy-back provisions for the banks, just like the emergency intervention plan that saved private banks six years ago.

At the behest of the Interior Ministry, a special investigator, Mr Domingo Yurac, has been appointed to the case. Mr Yurac for the moment appears to have no new clues on who poisoned the Chilean grapes or how. The Government has continued to point an accusing finger at the Communist Party.

Fruit companies organised their first public protest on Wednesday night against the measures adopted by the US. A caravan of banner-covered lorries, vans, and cars snaked through Santiago sounding horns.

They gave away export grapes to passers-by, who showed no reluctance to eat them. Protesters on foot pelted the US Embassy with grapes.

Cheney endorsed by committee

THE US Senate Armed Services Committee yesterday unanimously recommended confirmation of Mr Dick Cheney as Defence Secretary, Reuter reports from Washington.

The nomination of Mr Cheney now goes to the full Senate, which is expected to give its approval today, a week after President Bush picked him to replace Mr John Tower, whose nomination was rejected by the Senate.

The committee's unanimous vote contrasts with its 11-9 vote against Mr Tower, a former Republican senator from Texas. The vote against Mr Tower split along party lines between Democrats and Republicans amid allegations against Mr Tower of heavy drinking, womanising and close ties to the defence industry.

The full Senate voted 53-47 against confirming Mr Tower, with most Democrats voting against him.

Mr Cheney, a 47-year-old Wyoming congressman, has little broad experience in defence matters but is expected to receive overwhelming Senate approval.

WORLD TRADE NEWS

Peter Montagnon and David Goodhart on trade issues involving the two Germanys

East fears effect of single European market

EAST GERMAN officials are beginning to worry that the planned single European market of 1992 will hit their privileged status as a duty-free trading partner with West Germany.

Under long-standing arrangements between the two Germanys, endorsed under the Treaty of Rome, most inner-German trade in goods is conducted free of duty with only limited quotas and exceptions, for example for goods of military significance. The arrangements also allow for agricultural goods to be exported to West Germany at sub-European Community prices.

Other West European states have voiced concern, however, that seepage of East German goods (tariff-free) into the European Community via West Germany will increase once the internal market barriers come down.

Nobody knows the value of illegal trade seeped from the EC's "secret" member. Even West Germany's own figures for the overall level of inner German trade are confusing with the Federal Statistics Office claiming a DM400m (£125m) surplus for West Germany last year on exports of DM7.2bn and the Economics Ministry, whose figures are calculated on a different basis, a deficit based on more or less an exact reversal of the import and export figures.

A British minister raised the hitherto taboo subject of inner-German trade at a recent British-West German meeting and was met with embarrassed silence.

The West Germans argue that this special relationship is allowed by the Treaty of Rome and must be allowed to continue. But while Britain, France, Holland and Belgium accept that the arrangements have a permanent aspect, they are starting to ask the West Germans what arrangements can be made to stop that special relationship becoming an open conduit from East Germany (and perhaps other East Bloc countries) into a barrier-free EC.

Mr Thomas Schneider from the East German company Polygraph says: "The size of our business with the EC is too big to endanger it by cheating on the regulations." But the issue of clearer control of East German trade is likely to become an issue in the protocol to be negotiated between the EC and East Germany and in the meantime the West Germans will be expected to come up with some answers too.

This year West German industrialists hope the East Germans will have a bit more room for manoeuvre in their bilateral trade as a result of slightly improved prices for their basic exports. But most West German companies – especially in high-tech sectors – are pinning their hopes on next year's East German Party congress which will also approve a new five-year plan.

The plan is expected to speed up the modernisation of East German industry which will require an influx of Western – and especially West German – investment goods.

Leipzig turns spotlight on modernisation

IT is almost certainly no coincidence that the East German authorities chose "flexible automation" as the theme of this spring's Leipzig trade fair which draws to its close tomorrow.

Faced with increasing competition from East Asian countries such as Taiwan and South Korea and worried by the looming launch of the European Community's single market in 1992, the regime of Mr Erich Honecker has embarked on an all-out effort to upgrade industry and boost productivity.

The fair has been held against the backdrop of three years of stagnation in trade between East and West Germany which has seen total turnover sink to DM14bn (£4.4bn) last year from DM15.5bn in 1985, partly as a result of low prices for raw materials and semi-finished goods which make up much of the trade.

But West German bankers say another important factor has been competition from Asia in sectors such as machine tools of which East Germany claims to be the world's third largest exporter.

"Asian manufacturers took a bigger share of West European markets the moment the dollar dropped (after the so-called Plaza agreement of 1985)," said one banker. Competition from all quarters is set to intensify within the Community after 1992 and there is no mistaking the nervousness in East German industry about the potential effect on its trade.

Honecker: making an all-out effort to boost productivity

The single market poses a number of immediate practical challenges to East Germany which has long enjoyed a privileged status because of its duty-free trading links with its West German neighbour. Among them are the way in which these links will be affected by 1992, uncertainty over the industrial standards that will be imposed by the Community and the fate of quota restrictions.

East German industrialists admit there is little they can do about these matters, which are largely outside their own sphere of influence, except watch carefully and gear up to adapt to any changes that are imposed. Meanwhile they also have to prepare themselves to meet increased competition, and that is where technological advance is now seen as playing a crucial role.

Mr Eckhard Kähler, deputy general manager of the WMW international trade organisation where he is responsible for the business of the Fritz Heckert machine tool combine, acknowledges that competition is already great from Asia. "We don't want to undercut their prices, especially at the same level of technology," he says.

Instead, East Germany has to improve its technology by building more microelectronics into its products, he says. Mr Thomas Schneider, general manager of the Polygraph printing machinery combine, adds that success in the single market will depend on producing machines of greater capacity which are better adapted to customers' needs.

Though Western diplomats acknowledge that East Germany, whose Carl Zeiss Jena electronic and optical engineering concern intends to start producing four-megabit memory chips from next year, is easily the most technologically advanced country in the Eastern bloc, they caution that it still faces an uphill struggle to boost its hard-currency trade.

Not only has a large slug of investment resources been taken up with a major housing improvement drive in the five-year plan to 1990. East Germany also faces increasing competition from both the West and its Comecon partners in its trade with the Soviet Union and it has resolutely set its face against increased borrowing from the West to finance industrial modernisation.

Added to this is a labour shortage which has forced business to import workers from countries as far afield as Vietnam and reinforced the need to boost productivity. Mr Schneider of Polygraph talks of capacity constraints which have lengthened delivery periods. These will need to be overcome to boost international competitiveness.

Thus East Germany has had to fund a strong increase in machinery imports over the past two years from its own scant resources and remains the only major Comecon country to resist joint ventures with the West. However, in the light of 1992, a slight nuance to this policy is appearing. Mr Kähler says co-operation agreements in which the western partner has no equity stake are "no longer taboo."

Already this week's fair has seen an announcement by the West German Hanomag firm of a collaboration with East Germany's Baukema concern. Under this Hanomag will help redesign the basic East German bulldozer and provide some new components with a view to selling the machine in West European markets.

An underlying theme of such partnership arrangements is the need for East German concerns to get closer to companies in the West which are also their customers. Apart from the fact that the country remains wedded to the traditional state-planner's bilateral approach to international trade, this is one reason why the foreign trade organisations have no plans to move to a Community-wide marketing policy after 1992.

Instead they expect to build up existing national sales organisations in individual member states so as to be better able to respond to customer needs. Mr Wolfgang Nordwig, the former Olympic athlete who is now Deputy General Manager of Carl Zeiss, says: "You have to stay near to the customer. Centralisation buys nothing."

Move on foreign investments in US heading for defeat

By Peter Riddell, US Editor in Washington

THE Bush administration and Western diplomats in Washington are confident of being able to defeat the controversial Bryant bill which requires increased disclosure of foreign investments in the US. The bill resurfaced in Congress last month after being defeated as part of last year's trade legislation.

Seven Cabinet-level officials, including Mr James Baker, the Secretary of State, and Mr Nicholas Brady, the Treasury Secretary, have signed a letter opposing the measure and saying they would recommend a presidential veto. Senior senators of both parties have said they doubt the bill would pass their House.

However, while such a measure may not pass now because of lack of support in the Senate and because of presidential opposition, there is growing political concern about the scale of foreign investment in the US. This is mainly aimed at Japan, even though the UK and the Netherlands are larger buyers of US assets. So it is possible that some greater disclosure of foreign ownership may be approved by Congress.

Mr John Bryant, the Democrat congressman from Texas who is sponsoring the bill, argues that its measures merely improve the amount of information available about growing foreign investment. But the Administration and other critics argue that it is discriminatory and so would discourage foreign investment.

The bill would require foreigners who acquire 5 per cent or more of a US business or real estate valued at more than $5m, or with annual sales of more than $10m, to register their investments with the Commerce Department.

Investors with interests of more than 25 per cent in a US business with assets and sales of more than $20m would in addition have to disclose the company's balance sheet, income and changes in financial condition, with an overall statement of the enterprise's income and depreciation.

A virtually identical bill to Mr Bryant's passed the House of Representatives last October by 250 votes to 170 but was never considered by the Senate.

The Bryant bill was due to be debated at the end of last month until Mr Jim Wright, Speaker of the House of Representatives, agreed to a delay because President Bush was in Japan. An alternative date has not been fixed but is likely to be after the House's Easter recess.

Mr Wright's tactics in pushing ahead with the bill without the usual committee hearings, apparently to help his fellow Texan, annoyed not only the Administration but also congressmen, including prominent Democrats. Mr Sam Gibbons, the Democratic chairman of the House Ways and Means sub-committee on trade, is reported as having said: "there's three parties – Democrats, Republicans and Texans, except that Texans come first."

Sir Anthony Acland, the British Ambassador in Washington, has written to interested congressmen arguing that foreigners would be placed at a competitive disadvantage compared with US concerns and that new investment from Britain would be discouraged. The British Government would thus find it more difficult to resist calls for equivalent requirements.

Japanese deny claims on building market

JAPANESE construction groups denied yesterday that Americans and other foreigners were shut out of Japan's market, AP-DJ reports from Tokyo.

However, they described the construction market as intensely competitive, with low profit margins.

In a letter to the US Trade Representative's office, which is investigating US access to Japan's construction market, the Japan Federation of Construction Contractors said it welcomed the entry of foreign contractors.

Replying to a list of allegations, it said the Japanese government did not tolerate bid-rigging among Japanese contractors, that construction experience in Japan was not necessary to obtain a Japanese construction licence and that it was highly unlikely that big Japanese contractors would retaliate against sub-contractors that worked for foreign companies.

While Japan designates bidders for public works projects, saying this is necessary to ensure selection of reliable contractors, "it seems to us that the Japanese government is making the best efforts possible to ensure that foreign contractors are able to participate," the letter added.

Amid US dissatisfaction over Japanese builders winning more than $2bn worth of US construction contracts in 1986, the US and Japan negotiated an agreement last year to make it easier for US companies to bid on Japanese projects. The letter listed 14 foreign companies that have obtained Japanese construction licences and said this was evidence that the agreement was working.

Norway close to gas sale deal with US

NORWAY is close to securing a natural gas sales contract that would secure a foothold in the highly competitive US gas market, writes Karen Fossli in Oslo.

Statoil, the state oil company, is in negotiations with three big US gas companies – Enron, Brooklyn Union Gas and Southern Natural Gas (Sonat). It aims to supply each of them with at least 2.5bn cubic metres (bcm) of natural gas annually in the form of liquefied natural gas from the mid-1990s.

Norway is seeking new markets but faces tough competition with other suppliers such as Nigeria, Algeria, Canada and Mexico which can produce natural gas cheaper.

An outline agreement for Statoil to supply Enron with 2.5bcm of natural gas annually has already been secured. Enron transports about 15 per cent of US gas and is the largest US gas company. Talks are under way to finalise agreements on volumes and price with all three buyers.

UK NEWS

Figures indicate quickening of manufacturing output

Growth, labour costs fuel fears of rising inflation

By Ralph Atkins and Peter Norman

ACCELERATING labour costs and buoyant output growth could point to increasing inflationary pressures in the UK economy.

Figures for labour costs per unit of output in manufacturing and for the whole economy have been revised sharply higher, the Department of Employment said yesterday.

Other official statistics showed unemployment continuing to fall steadily, average earnings picking-up and manufacturing production growth remaining at high levels.

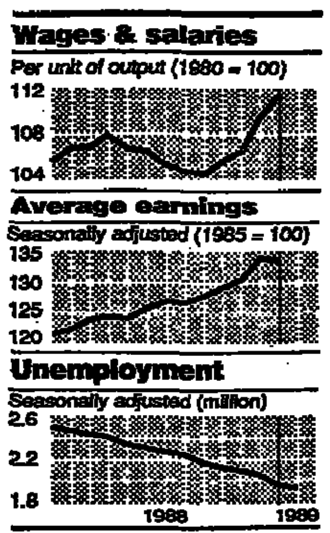
They suggest any possible slowdown in demand in the economy caused by high interest rates has not yet led to a deceleration in output or an easing in wage pressures.

Average earnings in the whole economy grew at an underlying annual rate of 9 per cent in January, up from 8¾ per cent in December. The rise largely reflected increased wage settlements although hours of overtime worked in manufacturing rose to the highest level since January 1980. Short-time working was the lowest since the 1970s.

The Government's seasonally adjusted unemployment measure fell by 41,200 in February to 1.95m. That was the lowest for eight years and the 31st consecutive monthly fall – almost certainly reflecting delayed effects of exceptionally strong economic growth last year.

The fall in unemployment complements the steep rise in employment shown in the 1988 labour force survey released earlier this week. This showed the UK employed workforce was much larger than previously thought.

Less welcome for the Government and financial markets, the big increase in the workforce led yesterday to upward revisions in figures for labour costs and downward revision in productivity.



Wages and salaries per unit of manufacturing output in the three months to January were shown as rising by 2.9 per cent compared with a year before, up from 2.6 per cent in the three months to December. Earlier figures had growth rates of 1 per cent or less throughout the second half of last year.

Figures for the whole economy now show wages and salaries per unit of output were rising at an annual rate of 7.3 per cent in the three months to September – the highest since 1981.

Output per head in manufacturing rose by 6.0 per cent in the year to the November to January period, up from 5.9 per cent in the three months to December. Earlier figures had suggested manufacturing productivity was growing last year at between 7 per cent and 8 per cent.

The acceleration in labour costs came despite evidence of a renewed quickening of manufacturing output growth in January. The Central Statistical Office reported that manufacturing output increased by 1 per cent in January from December and was 7 per cent higher in the November to January period than 12 months previously.

Government statisticians estimated the underlying rate of output growth was back at an annual 7 per cent rate in January. A month ago they thought they had detected a slowdown in the underlying growth rate to 6.5 per cent a year.

However, overall output of the production industries, which include the energy and water supply sectors as well as manufacturing, fell by 1.2 per cent in January and was up only 2.1 per cent in the latest three months compared with the year earlier period. That reflected a sharp drop in North Sea oil output as a result of production mishaps.

The Treasury said the revised labour cost figures had been taken into account when economic forecasts presented in Tuesday's Budget had been prepared. It said the trend was no worse than shown in previous figures.

In his budget speech last Tuesday, Mr Nigel Lawson, the Chancellor of the Exchequer, said that inflation and economic growth would ease this year – probably leading to smaller falls in unemployment.

Feathers fly as Kingfishers meet in Mayfair hotel

By Maggie Urry

POLICE were yesterday called to a hotel in Grosvenor Square, on the fringes of the select Mayfair area of London, to calm tempers roused after Woolworth Holdings, the retail group, held a special meeting there.

A police constable told one person he risked being arrested if disturbances continued.

Such meetings are usually dull, pin-stripe, affairs – the sort of events covered by the journalist left holding the shortest straw.

But, to the amusement of the hacks, the row which broke out was sufficiently fierce, though only verbal, to persuade the management of the Britannia Hotel to call the police in case the situation got out of hand.

The clash was between representatives of Woolworth – which had called the meeting to change the company's name to Kingfisher – and Kingfisher Group, a separate company which objects to Woolworth's identity switch.

Kingfisher Group, a publishing, exhibitions and telemarketing company, was holding a press conference in the hotel after the Woolworth meeting ended. It wanted to explain to journalists that it believes Woolworth's name change will cause confusion between the two companies. It has issued a writ against Woolworth.

Kingfisher Group representatives stood in the hotel lobby holding a sign directing journalists to its meeting. This sign became the standard around which the vocal battle raged.

Kingfisher Group claimed Woolworth's representatives were standing in front of the sign, obscuring it from the journalists' view.

Its public relations company later offered journalists photographs of the alleged offence.

The action started before Woolworth's 9.30am meeting. Kingfisher Group representatives handed out leaflets to Woolworth shareholders, listing questions they might put to Woolworth about the name change.

In the meeting, when Sir Kenneth Durham, Woolworth's chairman, asked shareholders for questions, one jumped up and started putting the very questions Kingfisher Group had suggested.

He was forcefully squashed by Sir Kenneth, who said the meeting was not the venue for legal discussions. After 20 minutes the meeting ended with an overwhelming vote in favour of the name change.

The shareholder was cornered by journalists afterwards and revealed himself as Mr John Duckworth. Eventually he confessed to being a partner in Turner Kenneth Brown, the solicitors acting for Kingfisher Group.

Mr Duckworth stressed it was entirely fortuitous that he was a Woolworth shareholder and he would have come to the meeting anyway.

Journalists then returned to the hotel lobby to make their way to the Kingfisher Group meeting.

The meeting opened with Mr Richard Harrison, another Turner Kenneth Brown representative, detailing his brush with the Metropolitan Constabulary.

The Kingfisher Group is attacking Woolworth on two fronts. It will complain to the Registrar of Companies that the Kingfisher name is too similar to Kingfisher Group, and ask him to force Woolworth to change again.

Woolworth acquired a company called Kingfisher, which was registered in August 1986, and swapped the name for another company Banster, last autumn. Kingfisher Group registered its name in February 1987.

The other attack is the legal one, with the writ, served earlier this week, the first step. It argues that the similarity between the two names will cause confusion.

The writ includes examples of Kingfisher Group clients asking questions such as, "are you anything to do with Woolworth's?"

Woolworth denies that there could be confusion. The retail chain claims its lawyers' advice is that Kingfisher Group does not have a case likely to succeed in court.

Observer, Page 20

UK steel groups seek Brussels probe into Brazilian imports

By Nick Garnett

BRITISH STEEL companies are seeking a European Commission anti-dumping investigation into Brazilian high-grade steel, after a sixfold increase in imports into Britain during the last year.

British companies have complained to Eurofer, the European steel producers' organisation, that the flood of cheap imports – selling for about 20 per cent less than British-made alloy steel – is undermining the price structure in the UK.

Their case has the backing of some producers in West Germany and Italy where Brazilian special steel has also begun to appear.

Brazil shipped 15,000 tonnes of alloy-forging billet into the UK last year, compared with 2,500 tonnes the previous year and less than 2,000 tonnes in 1986.

This has given Brazilian steel about 9 per cent of the 170,000-tonne UK market for expensive alloy-forging steel, which is used mainly in the automotive and general engineering industries.

Brazilian steel, which is heavily subsidised, is brought into the UK through an import agency and sold mainly to forging companies and stockholders.

In at least one case, it has been sold at half the usual cost of about £400 a tonne. This compares with £300 a tonne for standard grade steel.

Eurofer is examining figures provided by UK special steel producers, the largest of which is Rotherham-based United Engineering Steels in Yorkshire, before deciding whether to make a formal complaint to the Commission.

Brazil is one of a small number of countries, which includes South Korea and Venezuela, with special trading arrangements in steel with the European Community.

It recently concluded a new voluntary restraint agreement with the EC on a range of steel products. However, special alloy steels are not part of the agreement.

The Iron and Steel Consumers Council in Britain has been pressing for its members to have improved access to imports of cheaper steel.

Family doctors free to advertise services

By Alan Pike, Social Affairs Correspondent

FAMILY DOCTORS should be allowed to advertise their services to potential patients, the UK Government's monopolies watchdog, the Monopolies and Mergers Commission (MMC) decided yesterday.

The MMC commission concluded that General Medical Council and British Medical Association restrictions on advertising by general practitioners operate against the public interest.

Yesterday's decision is an important one for Mr Kenneth Clarke, Health Secretary. Plans to increase competition between GPs form a crucial part of his proposed National Health Service reforms, and the right to advertise will help make this a reality.

Both the GMC and BMA told the commission that restrictions on advertising were essential to preserve the relationship of trust between doctor and patient, and to protect people who might be vulnerable to promotional advertising. The commission concluded that these arguments were exaggerated.

Advertising by doctors, says the commission, should meet the normal "legal, decent, honest and truthful" conditions of the British Code of Advertising Practice. It should not disparage other doctors, or make claims to cure particular complaints.

The commission said it saw no grounds for restricting the media that doctors might use.

Stock Exchange rejects £60m plan for paperless share system

By Clive Wolman

THE London Stock Exchange's controversial £60m plan for a centralised paperless system for transferring and registering share ownership, first developed in 1982, has been rejected in favour of a more modest electronic scheme by an industry-wide committee.

The scheme, which looks almost certain to be accepted by the Stock Exchange and its listed companies, is expected to mean at least a 50 per cent reduction in the currently complex paper-based system for settling share bargains whose costs are an estimated £200m per year.

It is also likely to mean the end of the Exchange's fortnightly account period and the introduction of a rolling settlement system.

At a lengthy meeting on Wednesday evening, Siscot, the Securities Industry Steering Committee on Taurus (which is the name of the electronic registration project), selected from eight options a £15m plan. It will involve developing the Stock Exchange's existing Sepon electronic transfer and registration system for market-makers.

Its recommendation will presented to the Stock Exchange Council on April 3 and the service is expected to become available from the middle of next year. At first only the larger institutional shareholders and most active small investors are likely to dispose of their share certificates and to have their holdings registered electronically.

One outstanding issue is whether any incentives or pressure can be applied to the smaller inactive shareholders to switch to the new system and abandon their certificates.

The Government opposes any element of compulsion and its support will be necessary to secure the amendments to company law that would facilitate the introduction of the new system. However, Mr Patrick Mitford Slade, of Cazenove and Co, who is chairman of the 13-man committee, said yesterday that the complete abandonment of share certificates was necessary to secure the full cost savings.

Siscot was set up in November to defuse the mounting opposition to the more ambitious plans that the Stock Exchange's systems staff had been working on since 1986. These envisaged that the share registers of all listed companies would be held in a centralised electronic form, providing on-line access to the names of the individual shareholders. The new proposals are designed to achieve a similar result but by making much greater use of existing systems and avoiding the duplication of electronic share registers.

It will work on a pyramid basis in which each company will have only one registered shareholder, Sepon.

Government near deal on Belfast shipyard buy-out

By Our Belfast Correspondent

THE GOVERNMENT and Mr John Parker, chairman of Harland and Wolff, the state-owned Belfast shipbuilder, are close to agreement on a management-employee buy-out of the company.

It is understood the future of the shipyard was discussed by the British cabinet yesterday after a meeting in London on Wednesday night beteen Mr Parker, Mr Tom King, Northern Ireland Secretary, and Mr Peter Viggers, the province's Industry Minister.

The support of Mr Fred Olsen, the Norwegian shipowner, for the MEBO proposal has had a crucial bearing on the privatisation negotiations.

Mr Viggers has always insisted that Harland's new owner must be in a position to place commercially attractive orders and Mr Olsen is ready to build three oil tankers at the yard. He is also reported to be prepared to inject £12m into the buy-out deal.

Executives of Bulk Transport, the London-based shipping group which has made a rival bid for Harland, had talks with Government officials in London yesterday.

However, the feeling in Belfast was that a series of meetings between Mr Parker and ministers and officials over the last few days has made the buy-out proposal clear favourite.

After Wednesday night's meeting, Mr King stressed that a number of important matters had still to be decided before agreement could be reached. He said: "There is no question that all involved in these discussions recognise their great importance and are trying to resolve the major issues which have to be overcome before we can tell whether a successful outcome will be possible."

The hurdles appear to be the issue of subsidies which Harland need to remain competitive in the private sector and also strict European Community rules on Government support for shipbuilding.

Another meeting between Mr Parker and the Government is likely to take place next week.

Court ruling on fishing overturned

THE British Government yesterday won its appeal against a High Court ruling which was seen as an unprecedented interference with new legislation aimed at protecting the interests of the UK fishing fleet.

Last week the court held that 95 Spanish-owned boats flying the British flag could carry on fishing against the UK catch quota pending a ruling by the European Court of Justice on the legality of new laws designed to ban them from the end of the month.

Yesterday the Court of Appeal in London overturned the ruling. Meanwhile, the owners and managing companies of the vessels are to lodge an appeal to the House of Lords, the UK's highest court, claiming they face disastrous financial consequences and may have to sell boats if yesterday's decision stands.

Last week they had welcomed a court order that new conditions being introduced under the 1988 Merchant Shipping Act should not apply to them pending the European Court hearing.

Now that decision has been overturned, they will no longer be exempted unless the Law Lords find in their favour.

The conditions, which require British-registered fishing vessels must be at least 75 per cent British-owned, will exclude them from fishing against the British quota under the EC's Common Fisheries Policy.

Jaguar workers accept pay deal

By Michael Smith and Kevin Done

A THREE-month pay dispute at Jaguar, the luxury car maker, ended yesterday after the workers voted to abandon plans for industrial action and accept the company's offer.

Settlement of the dispute coincided with publication of the company's 1988 results showing pre-tax profits of £47.5m. Although 51 per cent down on 1987, the figure exceeded City of London expectations.

In a ballot of the 9,600 manual workers, 4,497 voted to accept the pay package, which will mean rises of just under 5 per cent for each of the two years of its duration, and 3,527 against.

The settlement, achieved after four votes by the workers since December, is at the lower end of deals agreed so far this year in British industry.

Most agreements have been between 6 per cent and 8 per cent and are for one year only.

Jaguar, however, has argued that the poor trading highlighted by yesterday's financial figures has prevented it from making a higher offer.

Yesterday's vote will be greeted with relief by other employers involved in pay talks, especially those in the Midlands whose negotiations have traditionally been influenced by Jaguar settlements.

The rejection by Jaguar workers earlier this month of a previous offer was thought to be partly responsible for increased militancy on pay among 4,500 employees at the Peugeot Talbot plant at Coventry in the Midlands.

Workers at Peugeot last week surprised management by voting to strike over the company's pay offer worth just under 16 per cent over two years.

No action has yet been taken and union leaders and the company are due to meet early next week.

At Jaguar, it was clear from the start of the pay talks that there was little stomach for industrial action.

None the less improvements have been achieved.

The company's original "final offer" made last December, of just over 4 per cent in each year of the deal, has been increased to just under 5 per cent.

Union leaders also have negotiated a scheme by which the company will provide a £50 annual lump sum payment to employees who are not absent through sickness between May 1 and December 31 this year.

Results, Page 23

BTG to market high-tech US patents

By David Fishlock, Science Editor

IN A deal that will double its annual intake of new inventions, the UK Government-owned British Technology Group (BTG) has signed an agreement with Johnson & Johnson, the US health-care company, to market a portfolio of high-technology patents worldwide.

BTG has acquired exclusive rights to nearly 100 inventions concerned with diagnostic imaging, which were the subject of US patent applications between 1976 and 1986.

It believes these inventions can be exploited outside health-care, such as in quality control for the food and other industries.

BTG sees the US agreement as a major step towards internationalising an activity in technology transfer which, historically, has worked for British organisations, says Mr Ian Harvey, chief executive.

Mr Harvey believes many US companies have portfolios of valuable inventions from their own research and development which fall outside their chosen market sectors, and which no US technology transfer agency is as well equipped as his own to exploit.

BTG, an agency of the Department of Trade and Industry, plans through its new inter-corporate licensing division to handle intellectual property rights for international companies.

Discussions with Johnson and Johnson began after BTG had negotiated an out-of-court settlement of its claim for royalties on its portfolio of UK university patents for nuclear magnetic resonance (NMR) imaging, which about two years ago, led to subsequent agreements with General Electric of the US, market leaders in NMR, and the leading Japanese vendors of NMR equipment.

British academics last year received over £8m in royalties as a result of these settlements.

Before its settlement with BTG, Johnson & Johnson had abandoned its Technicare division concerned with medical imaging systems, leaving the company with some 300 patents on NMR, ultrasonic, X-ray and gamma-ray imaging.

Impressed with BTG's pursuit of British interests in NMR, the company invited BTG to discuss the marketing of its unwanted technology.

In 40 years of pursuing "relatively immature technology", BTG has developed technology transfer skill relevant to more mature portfolios of this kind, says Mr Harvey.

BTG will put a team of four to work full-time on marketing the portfolio worldwide, backed by five consultants in the US, already recruited by Johnson and Johnson.

Royalties and costs are to be shared equally between the two organisations.

Mr Harvey calls it a very substantial deal for BTG and says he believes there is a large market for this kind of technology transfer operation among big research-based corporations which normally expect to exploit no more than a third of their inventions.

Trial of Guinness seven could start in October

By Raymond Hughes, Law Courts Correspondent

THE trial of the seven men accused of criminal offences in *the Guinness affair could start* in October, the Serious Fraud Office said yesterday.

Mrs Barbara Mills, QC, one of the SFO's legal team, said there was no reason why the trial should not start earlier.

However, defence lawyers regard even an October start as over-optimistic. They think it unlikely that they will be ready by then.

It was agreed yesterday that details of the cases concerning insider dealing in the takeover by Guinness of Distillers should be made known by April 17.

The seven are Mr Ernest Saunders, former Guinness chairman, Mr Gerald Ronson, chairman of the Heron Corporation, *Sir Jack Lyons*, the millionaire financier, Mr Roger Seelig, the former Morgan Grenfell corporate finance director, Lord Spens, former head of corporate finance at the Henry Ansbacher merchant bank, Mr Anthony Parnes, a former City stockbroker, and Mr David Mayhew, finance partner of stockbroker Cazenove & Co.

Motorola plans further expansion in Britain

By Terry Dodsworth, Industrial Editor

MOTOROLA, the US electronics group, is planning further expansion in the UK after a £44m investment programme which created about 600 jobs last year.

Mr Mike Phillips, chairman of the UK operations, said that the company would be investing about the same amount this year in the development of its activities, which are concentrated on semiconductors and mobile communications.

Mr Phillips refused to quantify the number of jobs that might be generated by this expansion. But he said that the group, which already employs 3,600 people in the UK, was committed to continuing growth in Britain because of the Government's free market polices.

He sounded a warning, however, over the negative impact of high interest rates and the strength of sterling.

Motorola UK, he said, was being affected by both these factors. The company was borrowing in the UK to finance its expansion, so its profits were being directly hit by higher interest charges. At the same time, the group's overseas competitiveness was being eroded by the strength of the pound.

"We are competing with other international companies and we are competing within our own group for development resources," Mr Phillips said. "We believe that it is important that fiscal and other decisions taken in Britain recognise that the margins for success in the world market are small."

Motorola's UK turnover rose last year by more than 30 per cent to £410m from £300m, helped by buoyant conditions in the semiconductor and car telephone businesses. After-tax profits held at £11m.

Hyatt joins Trafalgar in £170m plan for hotel

By Paul Cheeseright, Property Correspondent

HYATT HOTELS, the private US group, and Trafalgar House, *the British* group whose hotel interests include the Ritz in London, have formed a joint venture with *Shirayama* of Japan to spend £170m on a hotel at County Hall, London.

County Hall, once the headquarters of the Greater London Council – which was disbanded by the Government in 1986 – but now passing into private sector hands, is opposite the Houses of Parliament on the south bank of the River Thames.

The joint venture companies *have signed a contract* with County Hall Development Group, now controlling County Hall, to establish the hotel in the main building overlooking the river.

The £170m includes both the acquisition of part of the building and the refurbishment costs.

County Hall Development Group was founded by New England Properties, London & Metropolitan, TR Property Investment Trust and Lazard Brothers.

It has been enlarged so that it now has a membership of 17 British and Japanese companies and financial institutions.

This consortium approached a small number of hotel operators about the sale of a hotel within the overall development scheme of County Hall that includes offices, apartments and a conference centre.

Hyatt and Trafalgar House were put on a short list of three and then formed a joint venture in the belief that together they stood a better chance of winning the contract.

Each is believed to hold 12.5 per cent of the equity in the joint venture, with the balance held by Shirayama, a Japanese family company which has substantial landholdings in the Osaka area.

The joint venture's contract with County Hall Development Group is conditional on the latter winning planning consent *for its redevelopment scheme.*

A planning application has been made to Labour-controlled Lambeth Borough Council which has opposed the use of County Hall for anything other than official offices.

It is unlikely that the planning questions will be resolved without an inquiry and a final decision by the Government.

Profession shuns legal reform of accounting

By Richard Waters

BRITAIN'S leading professional accountancy bodies have come out against proposals, contained in a report which they themselves commissioned, that accounting *standards should have what* would amount to the force of law.

*The decision of the six bod*ies, which belong to the joint Consultative Committee of Accountancy Bodies (CCAB), follows similar objections expressed by the London Stock Exchange. They were commenting on the report of the Dearing committee on how accounting standards should be set and enforced.

The Dearing Committee was chaired by Sir Ron Dearing, former head of the Post Office, to provide an independent view of the accounting profession.

The CCAB said shifting the burden of proof in court onto company directors to justify any departure from accounting standards would create a rigid, legalistic system.

The largest of the six bodies, the Institute of Chartered Accountants in England and Wales, said yesterday: "People would apply standards even if they did not give a true and fair view."

Instead, the accountants ask the government to accept other proposals contained in the Dearing report, including the creation of a new, civil sanction to encourage companies to produce accounts which show a true and fair view.

They also agree with the suggestion that company directors should have to sign a statement saying whether they have complied with standards, *and justifying any departures.*

Unlike the Department of Trade and Industry and the Stock Exchange, the accountants supported the Dearing recommendations on who should pay for the new system.

The DTI objected to the suggestion that it should provide a large proportion by applying a levy on all companies, and *said that the Exchange should* pay a larger part of the cost.

The Exchange said it was unfair to burden it with the cost, and pointed instead to the accountancy profession. The accountants themselves said yesterday they agreed with the Dearing suggestion that they pay about a third, with the DTI and Exchange putting up the balance.

Electric prices 'to rise steeply'

By Maurice Samuelson

THE CONFEDERATION of British Industry, the employers' organisation, said yesterday that electricity prices for industry were set to rise more steeply than the level predicted by the Government.

They would also help to stoke inflation when ministers were seeking to control it and when the fuel price of electricity production was falling.

Mr John Banham, CBI director-general, said that businesses in the North of England, Wales and Scotland expected annual price rises from April 1 of 7-10 per cent, compared with the 5-6 per cent foreshadowed by Mr Cecil Parkinson, Energy Secretary 18 months ago.

"These rises will occur in regions where manufacturing is concentrated and at a time when the price of coal, the main fuel for power generation, is falling."

Such increases were "inflationary own goals" and cut across the strategy of this week's budget, Mr Banham told a London conference.

"The extra rise in electricity prices will amount to more than £400m a year for business, 10 times the benefit that small businesses can anticipate from the budget's cut in corporation tax.

"This would be bad enough at the best of times, but is all the more irritating to business when the rises are seen to be totally unnecessary."

In November 1987, Mr Parkinson said that over the following two years electricity prices would rise in two stages of 8-9 per cent and 6 per cent in order to raise the industry's rate of return from 2.7 per cent to 4.75 per cent.

Domestic users yesterday also said they feared that household customers, billed quarterly, might also face excessive increases in 1989-90, which failed to recognise the fall in coal prices.

هكذا اصل الأصل

1989/90 SCALES	CAR BENEFIT £ MAXIMUM LIABILITY	FUEL BENEFIT £	TOTAL £
CARS COSTING UP TO £19 250			
1400 cc OR LESS	2100	480	2580
1401 - 2000 cc	2775	600	3375

A TAX BREAK BIG ENOUGH TO DRIVE A NEW CAVALIER THROUGH.

The Chancellor rose at 3.46 pm. And by the time he'd sat down again an awful lot of drivers with medium-size company cars were feeling distinctly queasy.

In his infinite wisdom, he has increased the tax rate on their cars by 33%.

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THE PROPERTY MARKET

Designing shopping centres for people

By William Cochrane

"What attracts people most, in sum, is other people . . . many urban spaces are being designed as though the opposite were true and as though what people like best are the places they stay away from."

A new book*, just published in North America and written by the "urbane humanist" William Hollingsworth Whyte, is the product of sixteen years' study of the urban environment. Among many other things, Mr Whyte deals with blindingly obvious concerns such as how wide pavements ought to be, how high the stairs, what provision for seating – in short, simple ways of keeping people happy.

In the shopping centre industry, however, high style seems to matter more than the mundane when developers, property professionals and some retailers meet to consider their affairs. Scenic lifts, escalators and forests of greenery, real or plastic, may have replaced dangling ironmongery, but it is still hard to find a downstairs lavatory in your local mall.

Strong opinions were voiced on the subject, this week and last, at the International Council of Shopping Centers European conference in Vienna. According to Peter Spriddell, of Marks & Spencer, the consumer is fighting back.

Retailers, doubling as the consumer, were given a forum by the designer Stewart McColl. Roy Bishko of Tie Rack talked about split-level walkways splitting the trade and resulting in lower sales; Keith Ackroyd of Boots saw developers as being "extra obstructive, with pillars and lift shafts."

In a transatlantic echo of William Whyte, Dennis Cassidy of Gillow, the furniture retailers, said that there has been insufficient thought as to how people circulate around shopping centres; how they should approach them; and guides to where they should park.

Malcolm Field of W H Smith underlined the theme again with a call for more and better signposting, showing where various retailers are located within centres as well as ways of getting to and from the car parks.

Mr McColl himself observed that over-design at the expense of consumer convenience is a fairly common complaint. "That could be avoided," he said, "if retailers were consulted about their customers' needs right from the start." He maintained that shopping centre planning and design need to be retail-led, not developer-led.

Developers and architects are not known for their love of retailers, or designers. Over coffee, later, they were not exactly complimentary about this session, although interior designers were included in its criticisms. "Tell us something that we don't know already," was a typical reaction. It was left to a professional centre manager and a group of estate agents to cut through the fuss.

Clive Kaye is group head of centre management for Capital and Counties, a pioneer of urban retail development in the UK. "In real life," he said of his home market, "rarely does a developer or centre manager meet a major retailer. What happens is that a chartered surveyor employed or retained by a developer negotiates with a chartered surveyor employed or retained by a retailer."

"Many professional consultants work for developers and tenants at different times and places," he added. "To those not familiar with this confusing scene, it may seem strange, but its justification is that there is little alternative, and it works."

So how are the professional managers doing? Mr Kaye has put much effort, and ten years of his life into getting centre management up to a vocationally-trained, professional and effective level; but he clearly thinks that developers and architects put little effort into consulting management on design detail to avert future costs and problems.

"This is rarely done," he said. "Most centres, for example, have too few female toilets, and many have floors that do not stand up to wear or daily cleaning – expensive errors which could have been averted."

The designers, too, got it in the neck. "Few designers seem to have real knowledge of the needs of their customers for mothers' rooms, playgroups and the problems of the mother with a baby buggy," said Mr Kaye.

Meanwhile the agents, Morgan Grenfell Laurie, interviewed 36 retailers ahead of the conference to get their views on a number of issues.

Their responses on design put good customer circulation top of the list in the creation of a successful centre, followed closely by "customer friendly" entrances and exits, good signage and adequate heating and ventilation.

After that, the retailers liked covered shopping, practical finishes and natural light. They were not too worried about live plants, and they put "award winning" design, water features and glass-sided lifts much lower in their order of importance.

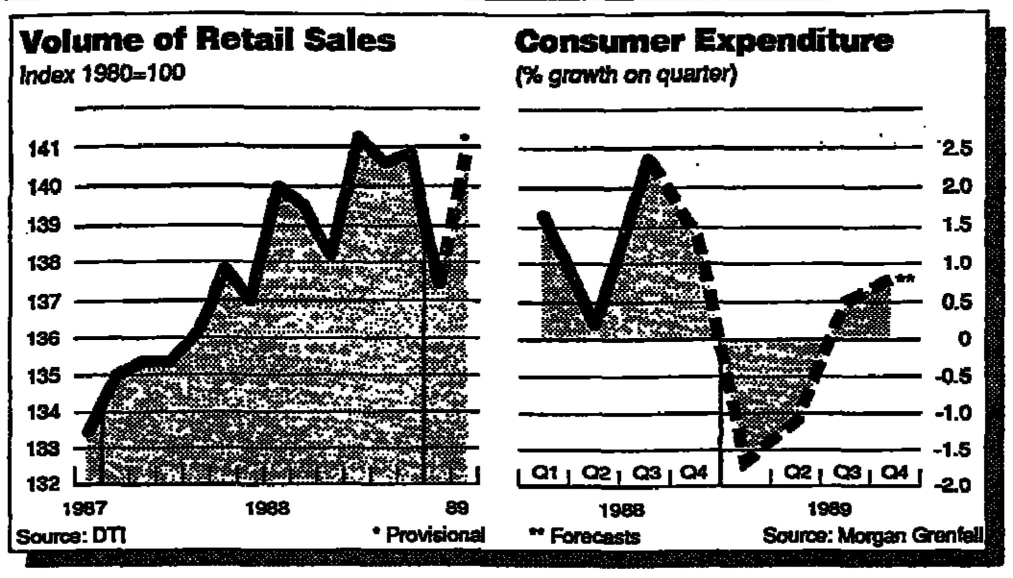
"Despite the fact that water features and glass-sided lifts were rated as only marginally above irrelevant by retailers," commented MGL, "56 per cent of new centres that were evaluated have one or other of these. Perhaps unsurprisingly, there is no significant difference between successful and unsuccessful centres on this point."

*City: Rediscovering the Center, US$24.95 from Doubleday, 666 Fifth Avenue, New York NY 10103.

IN A COOLER atmosphere for consumer growth prospects, a climate of opinion is being created which could promote substantial changes in the structure of UK retail rents. Poor recent performance (especially in fashion and consumer durables) and uncertain prospects are making some retailers look hard at rents and the way they are calculated.

Reviewing new shopping centres in the UK and Ireland in Vienna, Paul Stickney of Leslie Jones Architects took a wary look at the barometer. He noted declining growth in retail sales and the rise in retail rents levelling out.

"Building costs are also rising sharply," he noted. "This year has been a vintage year but I suspect that in the future the process of shopping centre development will be more demanding and matters of location, tenant mix and good design will be even more important if we are to avoid too many of those ('To Let') boards appearing."



With big retail names like Storehouse under siege, and little ones like Sock Shop making a new 1988/89 share price "low" this week, a number of professionals responsible for letting new retail space, or renegotiating existing shop rents are beginning to get a bit edgy, however bravely they talk about an early 1989 "correction" in the economy, and an autumn retail sales surge in prospect.

Bob Tyrell of the Henley Centre for forecasting, another of Stewart McColl's interviewees, met the prospect with a sort of thoughtful compromise:

- "We've just been through the three most rapid years of retail spending growth that we've ever had . . .;
- "Conditions aren't going to be as favourable as they have been;
- "Having said that, the rate of growth is still positive."

But retailers have to face a decline in their average growth rate, and those who fare worse than average are going to suffer since they will also be experiencing higher costs: labour, property, and the unified business rate.

MGL's circular confirms this. "Recent years have seen dramatic increases in retail rents, largely supported by growing consumer spending," it says. "Higher rates can also be expected as a result of the rating revaluation and the imposition of the uniform business rate next year."

"If growth in sales volumes is now set to slow retailers in new schemes will find occupational costs, including service and promotions charges, an increasing burden."

The agents asked their 36 retail respondents what sort of rents they would like to pay: "44 per cent of the retailers we consulted believe that a shopping centre based on turnover rents would be more successful than one with conventional rents," they reported.

Further, the idea of phased rents took the fancy of 36 per cent of them. Under this type of scheme, retailers would not pay a full rent until a new centre was "bedded down"; those who made an early commitment to a new scheme would suffer less if they found themselves alone, or nearly alone on opening day.

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(Issued in conjunction with an issue by the Company of US$ 500,000,000 4¾% Bonds 1992)

NOTICE OF FREE DISTRIBUTION OF SHARES AND ADJUSTMENT OF SUBSCRIPTION PRICE

Pursuant to Clause 3 paragraph (xiii) of the Instrument dated 28th October, 1988, under which the above described Warrants were issued, notice is hereby given that on 28th February, 1989, the Board of Directors of the Company resolved a free distribution of shares of common stock of the Company at the rate of three one-hundredths shares per one shares then held by each of such shareholders as of 31st March, 1989.

As a result of such distribution, the Subscription Price at which the shares are issuable upon exercise of the Warrants will be adjusted in accordance with Clause 3 of the Instrument from YEN 636 to YEN 617.50 with effect from 1st April, 1989.

KOBE STEEL, LTD.
(By : The Dai-Ichi Kangyo Bank (Luxembourg) S.A. as Principal Paying Agent)

17th March, 1989.

To the Holders of Warrants to subscribe for shares of common stock of KOBE STEEL, LTD. (the "Company")

(Issued in conjunction with an issue by the Company of US$ 100,000,000 3¾% Guaranteed Bonds 1991)

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Pursuant to Clause 3 paragraph (xiii) of the Instrument dated 14th May, 1986, under which the above described Warrants were issued, notice is hereby given that on 28th February, 1989, the Board of Directors of the Company resolved a free distribution of shares of common stock of the Company at the rate of three one-hundredths shares per one share then held by each of such shareholders as of 31st March, 1989.

As a result of such distribution, the Subscription Price at which the shares are issuable upon exercise of the Warrants will be adjusted in accordance with Clause 3 of the Instrument from YEN 185 to YEN 179.60 with effect from 1st April, 1989.

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17th March, 1989

SOCIETE GENERALE USD 300.000.000 FLOATING RATE NOTES DUE 1996

For the six months, March 16, 1989 to September 17, 1989, the rate of interest has been fixed at 10,4375% P.A.

The interest due on September 18, 1989 against coupon nr 6 will be for the denomination USD 10.000, USD 539,27 and for the denomination USD 100.000, USD 5392,71 and has been computed on the actual number of days elapsed (186) divided by 360.

SOCIETE GENERALE ALSACIENNE DE BANQUE
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MONTREAL - A quarterly dividend of 19 cents Canadian per share on the outstanding Ordinary shares of Canadian Pacific Limited was declared today by the board of directors.
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By Order of the Board

D.J. Deegan
Vice President and Secretary
Montreal, March 13 1989

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D J Waterhouse
M J Moore
Joint Administrative Receivers

ENVIRONMENT AND INDUSTRY

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21st April 1989

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FROM : PETROL OFISI A.Ş. GENEL MUDURLUGU BESTEKAR SOKAK NO: 8

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2) The estimated price of this work is not specified, but the bid security will not be less than 3% of the total offered price.

3) The specifications may be obtained upon payment of TL 100.000.- to the cashier's office of Directorate General of Petrol Ofisi A.Ş. and submission of the receipt to Materials Department located in "P.O.A.Ş. Genel Müdürlüğü Bestekar Sok No: 25 Kavaklidere/ANKARA/TURKEY".

4) The bidders will deliver their bids in person or by registered mail not later than 14.30 hours on 2.May. 1989 to "Petrol Ofisi A.Ş. Genel Müdürlüğü, Haberleşme Şube Müdürlüğü Bestekar Sok. No: 8 Kavaklidere/ANKARA TURKEY". The outer envelope enclosing the bid will bear the title of the work. No delays in mail will be accepted.

5) The bids will be opened in the presence of bidders' representatives who choose to attend at 15.00 hours on 2.May. 1989 at the Head of Purchasing Commission, "Bestekar Sok. No: 25 Kavaklidere/ANKARA-TURKEY".

6) Petrol Ofisi A.Ş. is not subject to the State Bidding Act of the Republic of Turkey and is free whether or not to conclude the bidding and to award the contract to the bidder whose bid is suitable in respect of price and quality.

PETROL OFISI A.Ş.
GENEL MUDURLUGU

FT LAW REPORTS

Cargo claim is stayed pending title-to-sue proceedings

THE AMAZONA, THE YAYAMARIA
Court of Appeal
(Lord Justice Fox, Lord Justice Parker and Sir Denys Buckley):
March 15 1989

AN ELECTION to arbitrate made under a bill of lading contract is valid, *though made after expiry* of the Hague-Visby Rules limitation period incorporated into the contract, *if* "suit" by court action was begun within that period; and the court will stay the court action and the arbitration on the defendant's application, if he genuinely requires by further action to establish whether the plaintiff has title to sue.

The Court of Appeal so held when allowing an appeal by the defendants, owners of the Amazona and the Yayamaria, from Mr Justice Leggatt's decision, refusing their application for a stay or an adjournment of proceedings in six actions by the government of Sierra Leone for damages for short delivery of cargo.

LORD JUSTICE PARKER said that the plaintiff government claimed damages in six actions for short delivery of oil cargoes carried from Nigeria to Sierra Leone under bills of lading issued by the owners of the carrying vessels, Amazona and Yayamaria.

The bills *of* lading expressly incorporated the Hague-Visby Rules.

Article III rule 6 of *the Rules* provided *that* the carrier and ship should be discharged from liability in respect of *goods*, unless "suit" was brought within a year of delivery.

Article III rule 8 provided that any clause in a contract of carriage relieving the carrier or ship from liability otherwise than as provided by the Rules, should be null and void.

Final discharge of Amazona's first shipment was on September 9 1984. The writ was issued on September 6 1985, and served on September 4 1986.

*There were no material differ*ences between the cases. The writs were not issued until very shortly before expiry of one year, and were not served until very shortly before their own expiry date.

Clause 10(B) of the bill of lading provided for disputes to be decided by the English courts, unless either party, by written notice, elected for arbitration in London. A party lost its right to elect only if it received a written notice of dispute from the other party with express reference to 10(B), and failed to give notice of *election within 30 days.*

Points of claim were delivered in each action on October 10 1986.

On November 26 the defendants elected for arbitration in all six cases, without prejudice to a contention that the plaintiffs had no right to sue.

On December 11 the defendants issued a summons in each action, seeking a stay of all further proceedings pursuant to section 1 of the Arbitration Act 1975, on the ground that there was an agree*ment to arbitrate.*

Before the summonses were heard the defendants amended them by adding an application for a stay of all proceedings under section 49(3) of the Supreme Court Act 1981, pending the outcome of separate proceedings to be commenced by them as to whether they and the plaintiff were parties to a contract under the bill of lading.

Mr Justice Leggatt refused the application under section 49(3), and granted a stay of the pending arbitration on the defendants' undertaking not, in the arbitration, to take a time-bar defence based on Article III rule 6 of the Rules.

The defendants now appealed, seeking either a stay or an adjournment of all proceedings, including their own application for a stay, pending determination by separate action of the question of title to sue; or an unconditional stay pending arbitration.

The first issue was whether clause 10(B) of the bill of lading was rendered null and void by Article III rule 8. That depended *on whether, if the actions* were stayed and the plaintiffs left to pursue their claims in arbitra*tion, they would be successfully* met by the rule 6 time bar. If not, the clause could not possibly be *affected by rule 8.*

If the claims could be met by the time bar, the plaintiff said, clause 10(B) relieved the defendants from liability or lessened their liability otherwise than as provided by the rules, in that proceedings properly brought within the time limit were supplanted by proceedings outside the time limit, or the time limit was shortened because of the 30 days for giving notice of election.

The judge accepted the plain*tiff's contention. He followed Colombiana [1965] 1 QB 1,* to the effect that "suit" in rule 6 referred to the suit which the tribunal was deciding, and not some previous suit. Accordingly, arbitration could not be brought within the one year period and would be barred.

It was common ground that rule 8 was not to be construed narrowly (see *Hollandia [1983] 1AC 565*).

On the face of it clause 10(B) did not offend against rule 8.

The authorities helped only to the extent of showing that *although a clause might not* be bad on its face, it might be null and void if its operation in a particular case would offend against rule 8.

It was only in the very special circumstances (i) that a timeous writ had been issued; (ii) that the right of election was still open and was exercised after time had expired; (iii) that the time bar was available in arbitration proceedings commenced *as a* result of the election — that any question that the clause offended *against rule 8* arose.

Rule 8 must be given a purposive construction (see *Hollandia*). *It could not have been within* the purpose of rule 8 that an option clause should be struck down *merely because the cargo claim*ant had failed to protect himself against the consequences of leaving open the carrier's possible election for arbitration.

The clause could only supplant timeous proceedings with time-barred proceedings if the plaintiff failed to take procedural steps or commence arbitration proceedings in time.

In essence the clause did not lessen or relieve liability under Article III at all. What it did was to make, in certain circumstances, suit by arbitration the only safe route to follow.

Accordingly, clause 10(B) should not be struck down by virtue of rule 8.

As to whether the time bar would be a valid *defence* in arbitration proceedings, *Colombiana* was distinguishable, and was not of universal application. Mr Justice Hobbouse's reasoning in *Nordglimt [1988] 1 QB 183 was* preferable and was adopted — the contract *expressly provided for the jurisdiction of English* courts, unless and until either party exercised a valid election for arbitration.

When the writs were issued neither party had elected for arbitration. The proceedings or "suits" when brought were therefore the very writs provided for by the contract.

As to whether "suit" was brought within a year, the answer must be yes. If thereafter the proceedings, as a result of election, had to be restarted in arbitration, the answer was the same.

As with rule 8, rule 6 must be given a purposive construction. Its purpose could not be to enable a defendant to set up a time bar when the plaintiff had commenced the suit the parties had agreed upon, and the shift to arbitration resulted from the defendants' own contractual election.

Subject to the defendants' application that both the actions and their applications for a stay should be stayed or adjourned, a stay should therefore be granted on the grounds that (1) the time bar defence would not be avail*able in the arbitration and* the clause therefore could not offend against rule 8; and (2) even if it were *available,* the *clause still did not offend* against that rule.

The purpose of the section 49 application was to enable the defendants to obtain a *decision* on the question of title to sue, but at the same time preserve their right to a stay of the actions and resort to arbitration should they lose on the question of title to sue.

The defendants could not maintain their applications for a stay without acknowledging they were parties to the contracts. *They could* not challenge the contracts in the actions without losing their right to a stay.

It was unacceptable that a person with a genuine case that there was no contract but an equally genuine *desire to arbitrate* if he be proved wrong, could be forced into a position where he must, *in order to arbitrate,* abandon a contention which, if correct, would determine the matter — *or in order* to advance that contention, abandon the right to arbitrate if he was proved wrong.

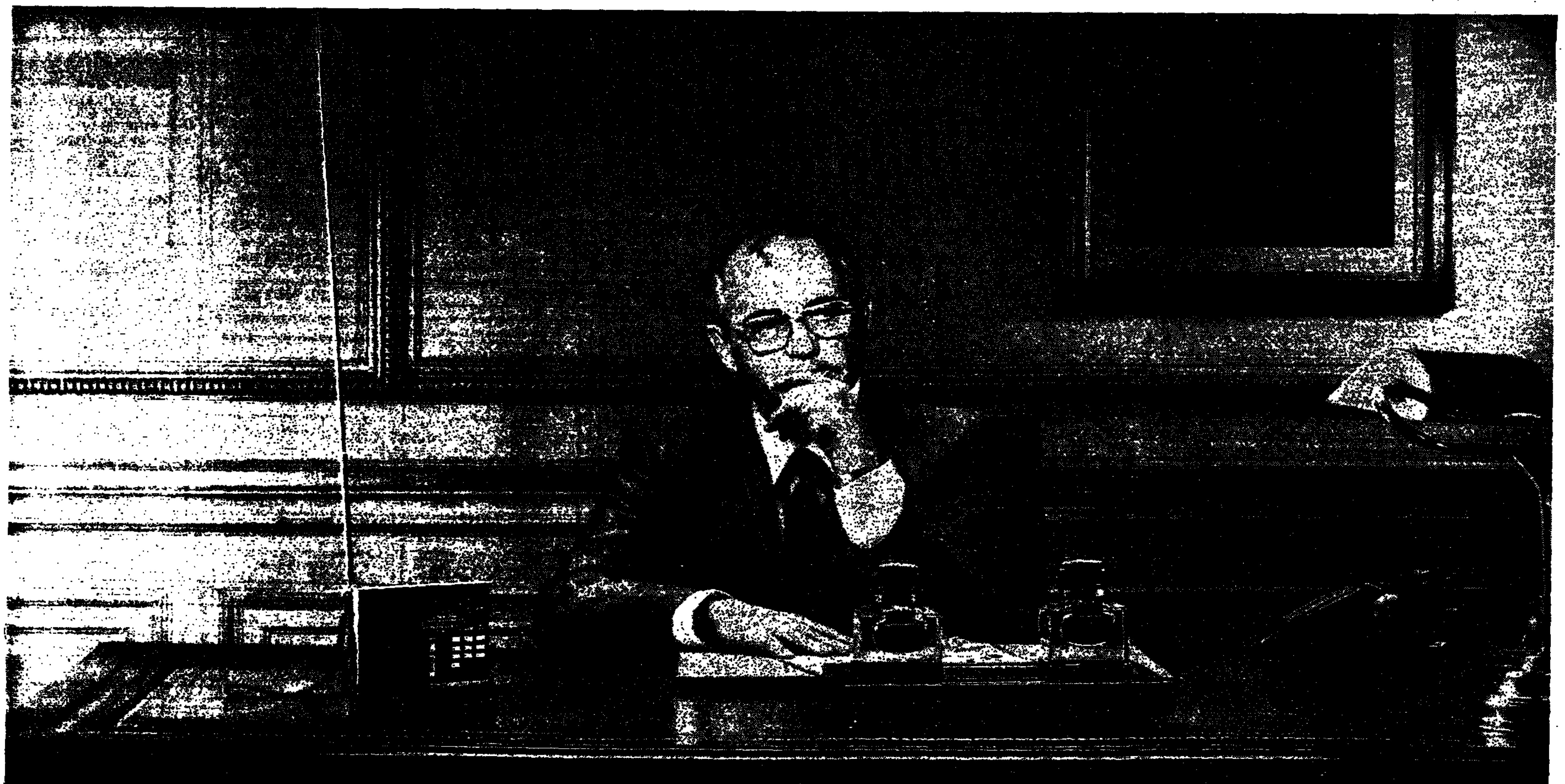
The appeal should be allowed. A stay of all actions should be granted under section 49 and the applications for a stay under section 1 of the 1975 Act should be adjourned.

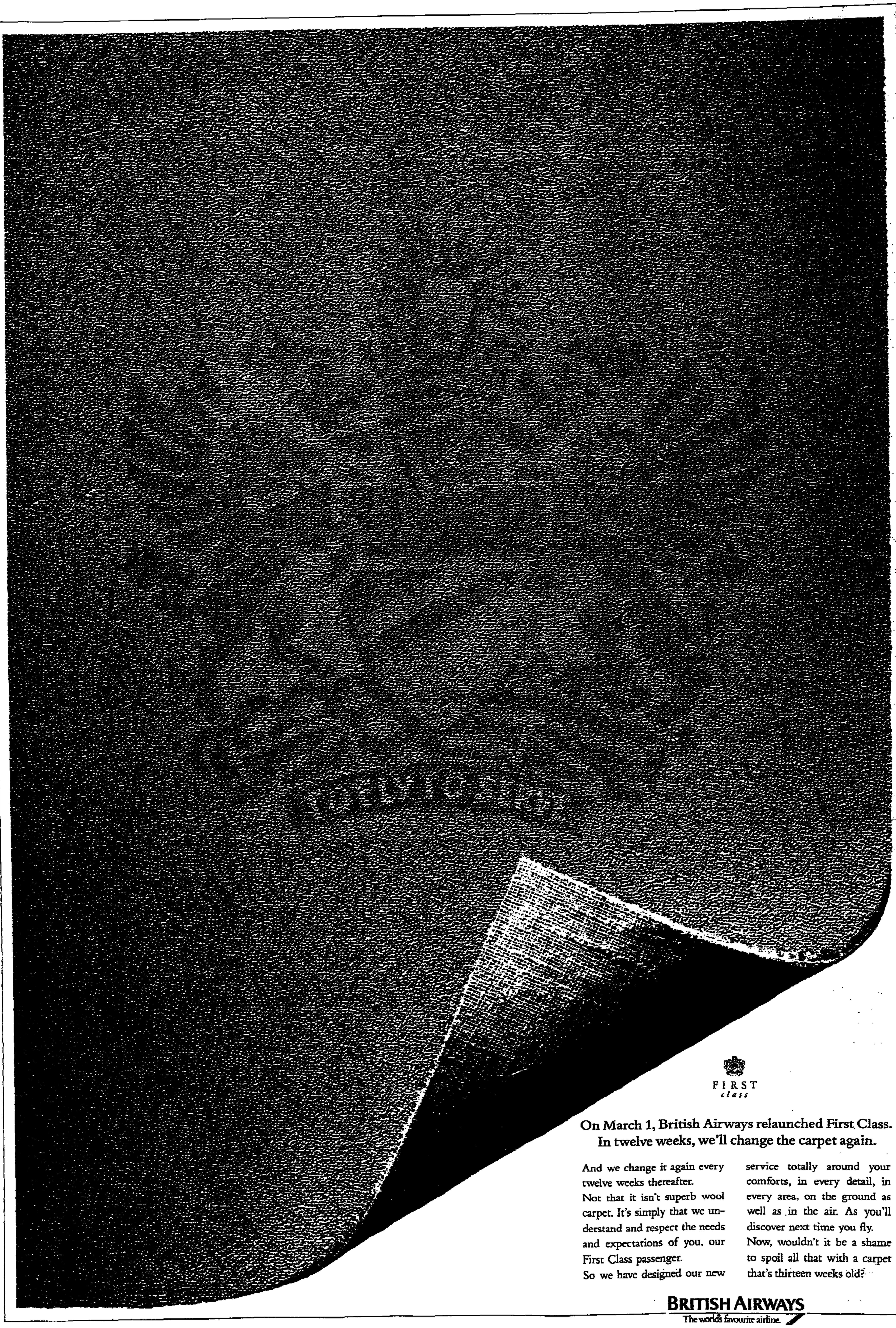
Their Lordships agreed.

For the plaintiff government: Jonathan Hirst (Clyde & Co)

For the defendant shipowners: Anthony Diamond QC (Holman Fenwick & Willan)

Rachel Davies
Barrister



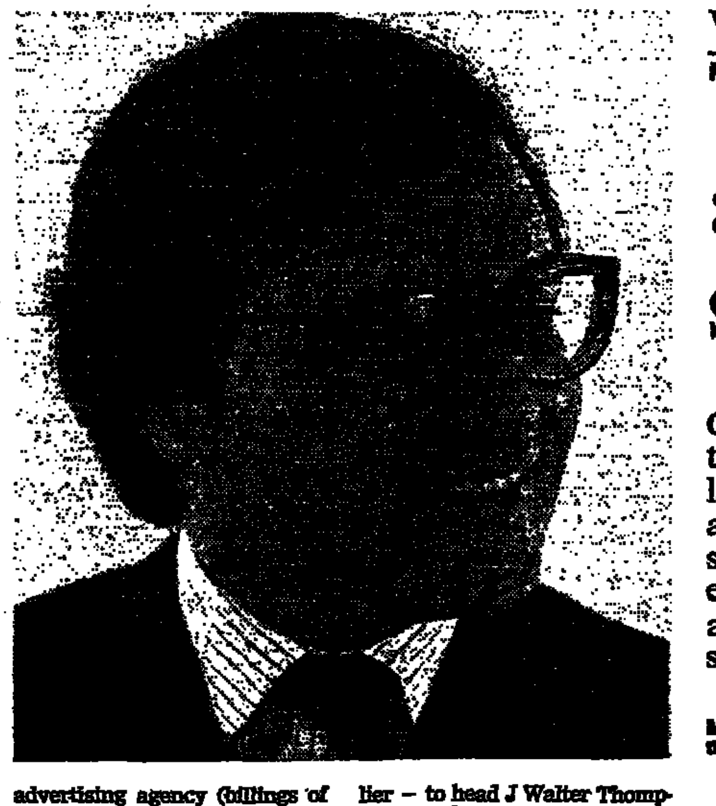


MANAGEMENT

WPP

The man who aims to prove sceptics wrong

Controversy and disharmony surrounded the UK group's takeover of the much larger JWT in the US nearly two years ago — yet profitability has been substantially improved. Nikki Tait examines the strategy and systems of the architect of the fast expanding marketing services group



Martin Sorrell: heavy emphasis on pulling apart the existing cost base

The receptionist's inquiry is not without concern: "Did you find us all right?" Visitors to the head office of WPP, the UK marketing services group which took over the much larger JWT Group in one of the bull market's most ambitious Transatlantic bids, find themselves searching for a discreet brass nameplate on a row of family-sized houses tucked behind Berkeley Square in London.

Entry is through the tradesman's door at the side.

This modest head office is a far – *and no doubt deliberate* – cry from the plush former headquarters on Madison Avenue occupied by JWT, parent company to the 125-year-old J Walter Thompson agency and the Hill & Knowlton public relations group. If Martin Sorrell, the chief executive, wants to make a point about corporate overheads, it starts at his own front-door.

The same point also underlies WPP's latest figures. These announced that the overall operating margin at the former JWT businesses had moved back in line with the industry's average – 10 per cent – in the second *half* of 1988.

WPP now expects this 10 per cent level to persist at JWT *throughout the current year*, rising to 11 per cent in 1990 and 12 per cent a year later. Analysts, well-used to Sorrell's cautious ways, suspect that this may be a base projection only. "If he says 11 per cent, that probably means 12," comments one.

It is no mean management achievement. In 1986 – the year before WPP made its highly ambitious bid – operating profit margins at the JWT Group had fallen from 7.6 to 4.6 per cent, having never topped *8.6 per cent in the past five*-year period. Income before tax had fallen to a small loss in the final quarter. There was then a larger $3.3m deficit in the first quarter of 1987.

When WPP eventually won its £350m bid in mid-1987, Sorrell suggested that JWT margins could be pulled back to the industry average within three years.

Analysts, faced with the first contested bid the sector had ever seen, thought it a gamble, albeit calculated. The key question was whether the implied degree of financial management could be imposed without staff, and then client accounts, walking out of the door.

So how has Sorrell, 44, proved the sceptics wrong?

When WPP took control, JWT comprised four main businesses: J Walter Thompson, the world's fourth largest advertising agency (billings of $3bn in 1986 and revenues of around $470m); Hill & Knowlton, the PR company (revenues *of about $104m); market* research group, MRB (about $40m); and the much-smaller, but creatively-esteemed US agency, Lord, Geller, Federico, Einstein ($29m).

JWT's distressed state was no secret. Some significant accounts – Ford Europe, for example – had already been lost, while Burger King was up for review. A succession of management upheavals had rent the boardroom and prompted a clutch of senior executives to depart.

Moreover, costs were rising and revenues falling. According to one broker's estimate, salaries, as a percentage of total revenues, rose to 64 per cent in 1986 while office and general expenses took nearly one-third.

Faced with this disarrayed beast, the broad management structure envisaged by Sorrell was fairly simple. Chief executive officers would take day-to-day charge of the four operating subsidiaries. Having agreed budgets and overall targets, it would be up to the chief executives to decide how these could best be achieved. Back in London, WPP's relatively tight head office would play a monitoring and strategic role.

No sooner had he grasped control than Sorrell brought back Burt Manning – who had resigned from JWT a year earlier – to head J Walter Thompson, and confirmed Robert Dilenschneider, Frank Stanton and Richard Lord in their posi*tions as incumbent heads* of Hill & Knowlton, MRB, and Lord, Geller, respectively.

On moving in, Martin Sorrell maintains that he found very little sign of detailed budgeting. The overseas budgets, he recalls, consisted essentially of two numbers – revenues and pre-tax profits – and appeared to have emerged from a one-way decision-making process.

And there were problems in comparing underlying profitability at individual companies within the empire. For example, there was no general attempt – for management purposes – to charge the operating businesses an imputed market rent. Without that, anyone functioning from a freehold property had a significant inherent advantage over another part of the group in a leasehold property.

The initial budgeting process took place the following autumn and a two-year plan – complete with "aggressive margin targets" – was also drawn up. Heavy emphasis, says Sorrell, was put on "zero-based budgeting", a pulling apart of the existing cost base. "We tried to encourage everyone to think of it as a new business, to look at executive dining rooms, glass palaces (the nickname for the former JWT chairman's suite) and so on."

Today, he concedes that, despite the more cautious public pronouncements, the plan actually envisaged the sort of *margin improvement which* has emerged. If anything, it was even more aggressive.

Not unexpectedly, the full range of management incentives – from bonuses to share options – have also been employed. But again, detailed implementation of these remains a devolved matter.

An agreed "pot" is available to the relevant chief executive officer, but how it is spread among employees – assuming budgets are met – is at his discretion. Asked where the spread is widest, Sorrell suggests that it is probably at Hill & Knowlton. Tellingly, perhaps, he admits that he is not quite sure.

He also freely accepts that "incentivisation" is not a change which can be wrought overnight. J Walter Thompson, for example, is still trying to get away from its high base *salary element, in favour of a* heavier performance-related element. "As new people come in," he comments, "that is one of the objectives."

On the reporting front, subsidiaries were quickly faced with a variety of head office requirements: daily cash balances, for example, monthly profit and loss accounts and balance sheets, and so on. The forecasts set in the two-year plans, meanwhile, are reviewed and, if necessary reset, every quarter.

But Sorrell refuses to view this as control: "It's a question of monitoring," he stresses. Nevertheless, there is a *significant implied culture change.* "We ask different questions – and if you ask questions, people usually give you the arguments. If you ask about cash balances and new business, people take note of them."

However, cost control – as Sorrell is the first to acknowledge – has finite possibilities. More happily, the other side of the equation – new business – does not.

Although there are no figures indicating the extent to which margin improvement was due to revenue upturn (as opposed to the cost control), the account picture has brightened noticeably. In 1988, for example, J Walter Thompson added net billings of over £235m compared with a £67m loss in 1987.

One fruitful area which WPP believes can be tapped is that *of cross-referrals – where one* part of the organisation effectively introduces business to another. It is quick to stress that 12.5 per cent of last year's new business revenues came from this route, a steadily improving percentage. Sorrell refuses to specify future targets on this score, suggesting it is untapped territory.

Nevertheless, current management efforts appear to be devoted to encouraging internal contacts within this geographically diversified and only recently melded group. Methods range from the prosaic – *internal conferences*, newsletters – through to the appointment of individuals to oversee cross-referral developments.

Interestingly, three areas appear to have sprung to the fore: Sampson/Tyrrell, the corporate design business; Hill & Knowlton; and the Henley consultancy operation. As WPP points out, the common factor is that they all offer access to the top ranks of clients' management.

But if the picture sounds too *cheerful and too easy, the lie is* given by Lord, Geller. A year ago, six top executives – including Richard Lord – quit dramatically from the smaller agency, saying they would form their own agency. Others followed. The key IBM account, which accounted for about half Lord, Geller's business was eventually lost. Legal action commenced, and continues.

Reasons for the Lord, Geller debacle have been variously attributed. Rumours that executives were looking to buy out the fiercely independent agency from the JWT group were widespread anyway. Matters seemed to come to a head, first over a plan to set up a new agency in Europe under the *Lord, Geller* name to handle an Alfa Romeo account, and then following discussions between Lord, Geller and General Motors over the Saturn (GM's new model) account.

Among J Walter Thompson's largest clients is Ford Motor Company, and the matter ended with Sorrell issuing a statement to the effect that there was no substance to the idea that Lord, Geller would participate in Saturn.

In short, it was the model disaster – account clashes and departing executives – the sceptics feared. When it happened, Sorrell's immediate reaction was one of damage limitation. New people were drafted in; attempts were made to soothe clients. And he is quick to point out that the agency still made a profit in 1988 after about $2m of legal fees.

Today, *there is certainly* a school of thought which believes that it was the special circumstances already pertaining at J Walter Thompson which allowed the bid – in management terms – to work. Lord, Geller, it would add, provides a cautionary lesson for others looking to hostile action within the sector.

As for Sorrell himself, he points out that the group is still only in the "second division" financially. There is, he is convinced, more to come.

Boards 'should have mission statements'

By Michael Skapinker

Many companies have drafted mission statements outlining their goals. But do their boards of directors need mission statements of their own?

Four staff members at the International Management Institute in Geneva believe *that they do. They say that no* group can function effectively unless it has a clear sense of direction.

The problem, they argue, is that "most boards do not think of themselves as groups." Nor do they spend enough time thinking about how best their group could operate.

What are the consequences *of this failure to talk* about the way the board should function? One is that directors might be reluctant to challenge the chairman.

Many chairmen say they like directors who have the courage to ask difficult questions and who refuse to accept unsatisfactory answers. In reality, the atmosphere at board meetings *often discourages criticism of* the chairman or chief executive.

Writing in the latest issue of Long Range Planning*, the IMI team says that "directors could be a great deal more successful if group norms were created which reduced the level of courage and determination required to explore important issues and increased tolerance for constructive controversy."

They add that "inattention to group dynamics does not free the board from their influence." If a board is ignorant of the factors which affect its decisions it is likely to fall victim to "counter-productive habits that distort its ability to consider and deliberate effectively."

The use of committees to handle some of the board's more complex tasks has exacerbated the problem, the authors say. By delegating difficult work to committees, "boards avoid handling unclear, politically complex decisions."

Boards cannot afford this lack of direction. The board is a "scarce and expensive resource and so should be used carefully for those activities where it can uniquely contribute."

Of the many factors which make for an effective group, three are central, the IMI team says. The first requirement is that the members of the group have a clear understanding of their common goals. The second is that each member of the group understands how he or she can contribute towards achieving those goals. The third requirement is that each person understands how he or *she can help other members of* the group to become more effective.

Drawing up a mission statement can help the board to articulate its common purpose, the IMI group argues. "The potential for a mission statement to improve the effectiveness of board activity seems quite clear. The greater the degree of attention a board pays to its ability to function as a group, the more effective it will be in considering and dealing with decisions and tasks."

To ascertain how many boards have come up with mission statements, the authors surveyed 70 large multinational companies around the world. Thirty-six responded to the survey. Of these, 15 said that their boards had either mission statements or working procedures.

The examples given, however, demonstrate some of the dangers of mission statements: that they will be too general and platitudinous. One mission statement, for example, said that the board should "act as a sounding board, offering advice and counsel to management on critical and delicate problems."

Is it not possible that the process of drawing up a mission statement might be more valuable than the statement itself? Might not discussions about the way the board should operate do more to create a sense of common purpose than writing a document?

The IMI team poses this question without answering it. It does recommend that boards explicitly undertake to monitor their performance at regular intervals. This is surely preferable to drawing up a statement. Apart from the fact that the statement might not say very much, a board which has defined its mission might then slip back into its old bad habits.

**Defining the Role of the Board by Ada Demb, Danielle Chouet, Tom Lossius and Fred Neubauer. Long Range Planning, February 1989.*

TECHNOLOGY

Restrictions on dumping have created openings for companies specialising in recycling. Andrew Fisher continues a series on cleaning up industry

A business nurtured by tough environmental rules

Keeping the environment clean costs money. Given the choice, most companies would probably shy away from the expense of disposing *of their waste cleanly and safely if* public opinion and the law were not on their trail.

But the tide is turning. In West Germany, industry has learnt to live with some of Europe's toughest environmental rules, as the citizens of a prosperous society have decided that clean air, water and soil are as important to their quality of life as are material comforts. Nor is there any doubt that the regulations will become tougher.

Other countries are following suit, though at some distance. Increasingly, it will become harder for companies simply to dump waste. This opens up profitable opportunities for those specialising in its removal, transport and treatment.

A leader in the field is Metallgesellschaft, the German metals, mining, chemicals and industrial plant group, which has put its recycling activities into a separate service company. Called Berzelius Umwelt-*Service (BUS), it takes away* metal-containing waste left by iron and steel producers, secondary (scrap) aluminium smelters and foundries. The metal residues are extracted and sold, and the remaining slag is used for landfill, or as a basis for roads or sports grounds.

"Legislation is the basis of our business," says Helmut *Maczek*, head of BUS. "Dumping is always cheaper than processing." The rules differ across Europe, but the trend is towards recycling and away from dumping as environmental consciousness takes hold. While most of the company's activities are in Germany, it also has interests in the US, Spain, Sweden, Austria and Italy.

BUS makes money *by* charging customers for taking away the waste and by selling the extracted materials, sometimes back to the original producer. At present, it handles about 300,000 tonnes of non-ferrous metal-containing waste a year, or 500,000 tonnes if its 25 per cent stake in Horsehead Resource Development of the US is included.

In five years' time, BUS expects to be handling more than 1m tonnes. The investment required to reach this level will be up to *DM500m (£160m). Current turnover* is some DM150m a year and Heinz Schimmelbusch, deputy chairman of Metallgesellschaft (soon to be chairman), says a "suitable profit" is being earned.

The main products which BUS obtains from the increasing volumes of waste it acquires are zinc and lead from steelmakers – zinc is widely used because of its anti-corrosive properties – *aluminium and* salts from the slags left in smelting, and quartz sand from foundry moulds. Through its 25 per cent stake in Scandust of Sweden, it is also involved in the extraction of nickel, chromium, vanadium and molybdenum from dust left in the production of stainless steel.

"Whether you like it or not, and we like it, we are heading into a world where *the producer has* to think about the recycling aspects of his product," says Schimmelbusch. *In Germany and the US especially,* he notes, there is increasing pressure to avoid using limited space for dumping. That is where the company sees major growth chances. "Here, our technical base and our service orientation come together."

Metallgesellschaft's long involvement in the smelting of non-ferrous metals led to the development of the anti-pollution and recycling *techniques now being used by BUS*. Through Lurgi, its industrial plant company, it also has access to metallurgical skills. Lurgi, for example, built the Balboa recycling plant of Aser, the Spanish company with which BUS is associated.

BUS, in which some shares will eventually be floated to the public, will not license its technologies, says Maczek. It will run the plants *itself or with partners. In the case* of lead and zinc, BUS collects the dust from the steel producers.

Because there is not enough lead and zinc in the dust for direct extraction, the mixture has to be oxidised. First the dust is turned into pellets, tipped into a huge bunker and mixed with coke-dust and sand. The mixture then passes into a rotating kiln, where the zinc and lead vaporise and are reoxidised in the kiln atmosphere which contains excess air. The waste gases leave the kiln at around 700 deg C, are cooled to about 350 deg C and drawn through a dust-removing hot gas electro-filter.

The zinc-containing oxide is then cooled and pushed into a hot plant which forms it into briquettes. These are smelted into zinc and lead in a Metallgesellschaft furnace. The slag leaves the rotating kiln while still molten and is cooled by water.

BUS says that the process is environmentally problem free. The water used to cool the slag is completely recycled, so that there is no effluent. The slag itself is either used or disposed of.

Steel dust can contain 25 per cent or more of lead and zinc, says Maczek. The dust is collected from mini-mills, which have scrap as their raw material, in Germany, Switzerland, Scandinavia and Spain. Italy has its own recycling plants, but BUS is discussing co-operation with local companies.

Throughout Europe, BUS is looking for local partners to set up plants of an economical size. The usual annual capacity is between 50,000 and 150,000 tonnes. The company is careful to emphasise its European flavour. "I can't run an environmental service plant in France, for example, and tell them as a German how to run their environmental policy," says Maczek. *Local companies know best how to* talk to their governments.

Lurgi and BUS will describe their recycling technologies at a congress in Moscow in July. The Soviets have also expressed interest in a joint venture with the German company in dealing with the salt slag from their large secondary aluminium smelting industry.

BUS intends to spread its recycl*ing activities into paint – much of* the spray paint used in the motor industry does not land on the vehicles – and the high-temperature incineration of chlorinated hydrocarbons, dirty used oil and other liquid organic waste. It plans a pilot plant for the waste paint and is part of a consortium aiming to build a plant in the Ruhr for the liquid waste-burning process.

Ironically, BUS still encounters problems in parts of Germany, especially the south, over approvals for new recycling plants. The time taken to obtain approval for a new plant is something which all of industry tends to complain about in the Federal Republic.

Even facilities aimed at improving the environment are not immune from German bureaucracy, which has to take full account of local objections. Also, while citizens approve of recycling plants, they would prefer them to be sited far away from their own doorstep.

Previous articles in the series appeared on March 6, 9, 10 and 15.

Superconductivity hits a quieter note since the 'Woodstock of physics'

Whatever became of those "warm" superconductors that were about to transform our lives? Superconductors, they said, meant cheaper electricity because it could be stored, faster computers, no overhead power lines, more revealing medical scans, levitated transport instead of trains with wheels. Technically, nothing would stay untouched.

Tomorrow is the second anniversary of the day that superconductors burst on to the world, at an over-subscribed assembly of physicists in New York. To cheers from the floor, speakers produced publicly for the first time specimens of wondrous alchemical substances, said not merely to lose their electrical resistance, but to lose it at much higher temperatures than before.

"The Woodstock of physics" was how one AT&T Bell Laboratories scientist described the meeting, likening it to a seminal US pop concert.

The significance of the claims lies in the belief that every electrical device could be made to perform better if it had no electrical resistance. Superconductivity is like perpetual motion. Throw in a few magnetic advantages and you have something close to magic for physicists.

Later that year, with unprecedented haste, the two IBM scientists who had sparked all the excitement with their discovery of ceramics which superconducted at the much higher temperatures were honoured with Nobel prizes. By then laboratories world-wide were mounting programmes to pursue a line of solid-state physics that had been pretty static for a couple of decades.

But attempts to rekindle the Woodstock spirit last year were unsuccessful. The fevered alchemy that had carried these new substances so rapidly upwards *in temperature* had run into the sands.

The highest operating temperature to be verified by several laboratories was first reported 14 months ago. At 125 degrees Kelvin, its working temperature falls far short of the target of a superconductor that works at room temperature (around 300 deg K). Claims for achievements of 150 deg K remain unsubstantiated.

Early last year, two Cambridge students abruptly ended the almost *daily* press claims of temperature "breakthroughs" by hoaxing The Times into printing claims for a world lead by the university's dons on its front page.

However, despite the quashing of the euphoria, the quest goes on. The issue is put into perspective by Sir Martin Wood, founder of Oxford Instruments and a pioneer of superconducting systems. He has few doubts that warm superconductors will displace present materials, but cautions that "we're *thinking in terms of* half a generation." No new system of power engineering is going to be proven inside 10 years, perhaps not for 20 years.

The General Electric Company has the biggest research effort on warm superconductors in Britain. Next comes ICI, which is a potential supplier of superconducting materials.

Even with materials that work at 125 deg K, Cyril Hilsum, GEC's research director and president of the Institute of Physics, foresees several potential uses. If liquid nitrogen can be substituted for liquid helium as the refrigerant, GEC could exploit the enhanced *performance* and lower running costs.

Hilsum points to the development by Siemens, of West Germany, of a 100-megawatt generator using "old-fashioned" metallic superconductors. "If they feel they can make a machine that is interesting economically at that temperature (4 deg K), then clearly *it must be better at liquid-nitrogen* temperature."

Oxford Instruments has already built an international business on its expertise with *helium-cooled metal superconductors*, providing powerful magnets for medical scanners, for instance. The company is also testing two miniaturised, superconducting versions of particle accelerators: a cyclotron, ordered by the Japanese steelmaker NKK; and a synchrotron ordered by IBM to make its most advanced chips.

As with the metallic superconductors in the 1970s, the new ceramic substances are proving troublesome to turn into engineering materials. Wood hopes to obtain his first ceramic filaments to wind into magnetic coils later this year.

Both Hilsum and Wood believe fervently that their companies cannot afford to wait for the manifold materials problems – flexibility, high current-carrying capacity, good magnetic properties – to be solved by someone else. They must be in it themselves, ready to run with the new materials. "We know it is speculative, but it is so important we cannot *neglect it*," Hilsum says.

They point to Japan where, for example, the electrical groups formed their own research co-operative last year. The International Superconducting Technology Centre (Istec) has about 100 companies as members. At its head is Gaishi Hiraiwa, chairman of Tokyo Electric Company, the world's biggest private electricity utility. Members have donated £10m to set up laboratories for 90 scientists in Tokyo and Nagoya.

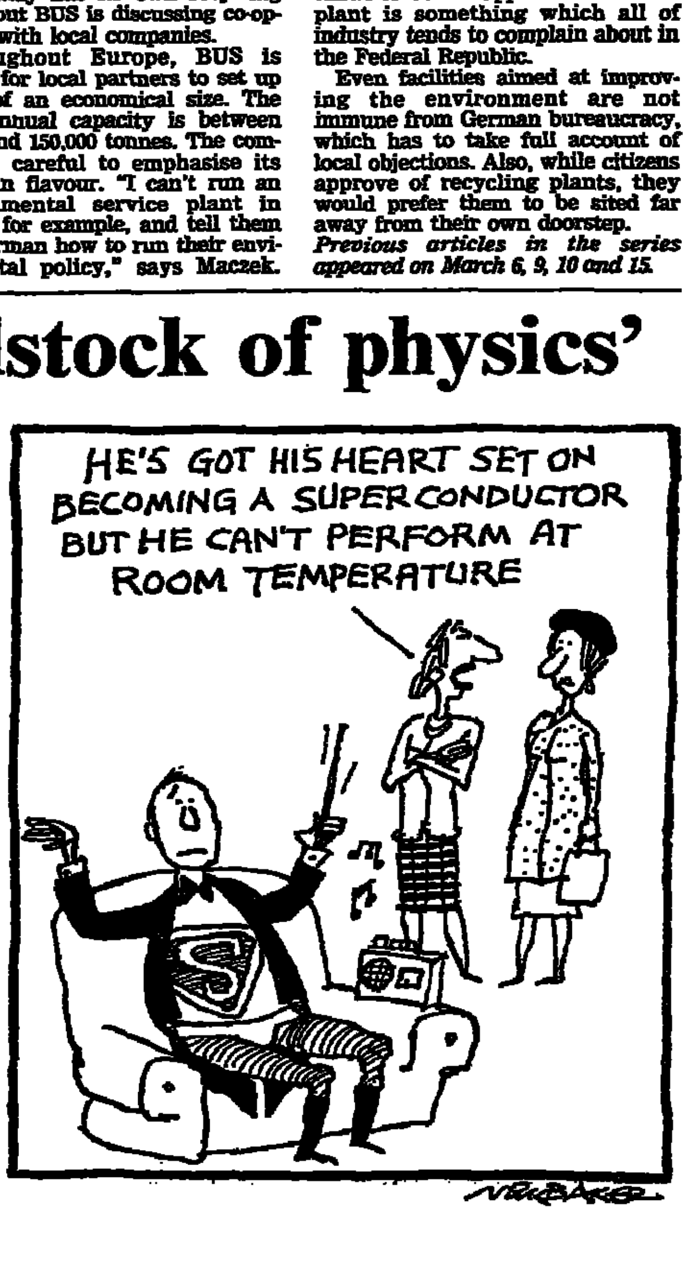
Tony Appleton, technical director of Northern Engineering Industries, says that Britain already has innovative superconducting engineering designs, which it should be adapting in anticipation of better materials. His company designed a superconducting fault current limiter for electricity transmission in 1980; with warm superconductors, it could find a much bigger market at the lower voltages used in electricity distribution.

Ian Corbett, a government scientist with the Science and Engineering Research Council, co-ordinates publicly funded research on warm supercon*ductors in Britain. He believes* that the period of rapidly leapfrogging temperature claims has probably ended. "Three jumps – and that was it."

For the past year it has been a hard slog to make the best of what has already been discovered, he says. The UK effort is concentrating on how to make complex and brittle substances consistent as engineering materials.

Corbett foresees some specialised uses of warm superconductors appearing "fairly soon" – for example, in new magnetic sensors with military applications. "But they're not going to be in Dixon's in five years' time."

David Fishlock



ARTS

Arts Week

F	S	Su	M	Tu	W	Th
17	18	19	20	21	22	23

THEATRE

London

A Walk in the Woods (Comedy). Alec Guinness and Edward Herrmann in feeble off-duty arms negotiation encounter by Lee Blessing. Guinness, back on the London stage after 10 years, is in subtle virtuoso form as the Soviet veteran of tactical stonewalling and no-dealing tricks (930 2578, cc 839 1438).

The Secret Rapture (Lyttelton). Brilliant new David Hare piece for the National Theatre, a satirical but moving romance on life, love and family politics in Thatcher's Britain. The play of the year. March 25, 27 (928 2252, cc 240 7200).

Brigadoon (Victoria Palace). 1947 Lerner and Loewe "heather-scented" Scottish fairytale hit is handsomely revived and well sung, less frail than expected. (834 1317, cc 836 2428).

The Vortex (Garrick). Maria Aitken and Rupert Everett in brilliant reappraisal by Philip Prowse of Noel Coward's 1924 study of drug addiction and mother fixation. Mannered, excessive, beautifully costumed. A must for yuppies (379 6107, cc 741 9999).

Hedda Gabler (Olivier). Juliet Stevenson is energetically wilful in fine National revival using a new Christopher Hampton translation. A full-scale, monumental reading, with European design to match by Bob Crowley. Howard Davies directs, Norman Rodway is Judge Brack. Performances in late March (928 2252).

The Sneeze (Aldwych). Eight short Chekhov pieces – four vaudevilles, four early stories – translated and adapted by Michael Frayn and performed in various styles by Rowan Atkinson, Timothy West and Cheryl Campbell. Slightly rewarding, intermittently funny (836 6404, cc 379 6233).

Mrs Klein (Apollo). Intriguing chat among the child psychoanalysts in Nicholas Wright's hit transfer from the National. Fizzing performances from Gillian Barge, Francesca Annis, Zoë Wanamaker (437 2663, cc 379 4444).

The World According to Me! (Playhouse) Jackie Mason, Jewish stand-up comic who revives the near lost arts of scathingly satirical monologue and vaudevillian timing to the London stage for a limited season. Achingly funny and irreverent. (839 4401)

Henceforward (Vaudeville). Ian McKellen and Jane Asher in bleakly funny and experimental Alan Ayckbourn comedy of future shock and strained marriage. A tale of obsession, devotion, computer music, women as robots, gangs on the streets and a tug-of-love (836 9987, cc 741 9999).

New York

Shirley Valentine (Booth). Pauline Collins brings her West End triumph to Broadway in Willy Russell's amusing and touching story of a Liverpool woman's awakening in the Aegean Sea. Simon Callow again directs without smoothing any of the Northern English edges that retain an authentic touch.

Jerome Robbins' Broadway (Imperial). Anyone attracted by the notion of a three hours of film trailer previews will adore this compendium of Robbins' directed and choreographed plays of the past 40 years, including On the Town, West Side Story and Gypsy. The lustre of the credits is dimmed by the brevity of each piece, with a contemporary crew of Broadway aspirants who lack the multi-talents that inspired the heyday of the musical.

Rumours (Broadhurst). Neil Simon's latest comedy is a self-conscious farce, with numerous slamming doors and lots of mugging but hollow humour that misses as often as it hits. Christine Baranski leads an ebullient cast in the inevitable but disappointing hit.

Cats (Winter Garden). Still a sell-out, Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually startling and choreographically feline (239 6262).

A Chorus Line (Shubert). The longest-running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions (239 6200).

Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).

Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness in a stage full of characters. It has nevertheless proved to be a durable Broadway hit (947 0033).

M. Butterfly (Eugene O'Neill). The surprise Tony winner for 1988 is a somewhat pretentious and obvious meditation on the true story of the French diplomat whose long-time mistress was a male Chinese spy (246 0220).

Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London (239 6200).

Washington

Steel Magnolias (Kennedy Center Eisenhower). Barbara Rush and June Lockhart star in this view of Southern life through the antics in a hairdressing salon. Ends April 2 (254 3670).

Beggar's Opera (Folger). This eighteenth century view of London low life by John Gay gets inspiration from its Globe Theatre setting. Ends April 9 (546 4000).

Chicago

Driving Miss Daisy (Briar Street). The touching relationship between a dowager, played in this production by Dorothy Loudon, and her black chauffeur exposes the changes in the South over the past several decades (348 4000).

Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dryers in a busy hairdressing establishment (988 9000).

Tokyo

Kabuki. At the National Theatre (265 7411): a double-bill consisting of *Funa Benkei* (*Benkei in the Boat*) and scenes from *Mekura Nagaya Ume ga Kagatobi* (*The Wicked Masseur and the Fire Department*), about the rivalry between the municipal fire-brigade of Edo (present-day Tokyo) and fire-fighters employed privately (Ends March 27). At Kabuki-za (541 3131), during the matinee at 11.30am, Living National Treasure Nakamura Utaemon VII appears as the spirit of a cherry tree in *Seki Noto*. The 4pm programme includes *Onna Goroshi Abura no Jigoku* (*The Hell of Oil*) about the murder of a woman who owns an oil shop, as well as an amusing dance-piece *Bohshibari* (*Tied to the Pole*). Both theatres provide informative English language programmes and earphone guides in English.

Ryvo (*The Dragon King*). Shimbashi Embujoh Theatre (541 2211). Vulgar but highly enjoyable production (in Japanese and Chinese) in which plot, about a Chinese boy and a Japanese fisherman who join forces to defeat the dragon king, is less important than acrobatics and spectacle. Directed by and starring kabuki showman, Ennosuke Ichikawa, with over 100 members of his own company and of the Peking Opera Company.

Noh. Hosho Noh Theatre, Suidobashi (845 2733). (Thursday only) *Sumidagawa* is the Noh masterpiece which Benjamin Britten adapted as *Curlew River* and which deals with the grief and subsequent madness of a woman who has lost her child.

Nastasya. Benisan Pit (546 2067). Brilliantly conceived and executed adaptation (in Japanese) of Dostoyevsky's *The Idiot*, directed by Andrzej Wajda and starring world-famous kabuki actor Tamasaburo Bando in his first ever male role as Prince Myshkin. In flashback scenes he also portrays the lovely Nastasya Filipovna, conveying her fickle charm with a minimum of props.

EXHIBITIONS

London

The Royal Academy. Italian Art in the 20th century: after German and British, the third in the Academy's roughly biennial sequence of major national surveys. This is an exceptionally thorough study of the earlier phases, clearly setting out the several developments of Futurism, Metaphysical Painting, Realism and Abstraction, but is rather more cursory and helter-skelter in bringing the story up to date. But the works in themselves are well chosen throughout, never less than intriguing and often very beautiful. All in all it is a remarkable exhibition. Daily until April 9, except Good Friday; sponsors Alitalia and Fiat.

The Barbican Art Gallery. The Last Romantics. A fascinating study of the romantic, symbolic and decorative strain in British painting, that links Burne-Jones and the later pre-Raphaelites to Stanley Spencer and the Slade muralists of the 1920s. Daily until April 9.

The Whitechapel Art Gallery (in collaboration with the Fundacio Joan Miro, Barcelona). Joan Miro: Paintings and Drawings 1929-41 – a study of the purest and most abstracted of the Surrealists through the period of transition from his earlier, directly figurative work, to the final confirmation of his mature and most characteristic manner. Daily except Mondays until April 23 – sponsored by Citicorp/Citibank.

The Hayward Gallery. Leonardo da Vinci: Artist, Scientist, Inventor. The most comprehensive exhibition ever staged of the drawings of Leonardo, including 88 from the Royal Library at Windsor. The full range of his interests is covered – imaginative, anatomical, botanical, mathematical, geographical, mechanical – and the show concludes with an impressive display of models of his mechanical proposals, including a full-scale reconstruction of his flying-machine. The sponsors, IBM, contribute a number of computer studies and projections of some of his other works and schemes, including an analysis of the perspectives of the Last Supper. Daily until April 16.

The Hayward Gallery. La France: Images of Women and Ideas of Celebration of France, the Revolution Revisited. The exhibition is an odd and delightful anthology of images of that sometimes seductive, sometimes daunting personification of La France, Marianne, as she has been has been depicted in French art over the two centuries since the Revolution, with a few antecedents thrown in. It is frustrating in that not all the requested loans were met, and the gaps are eloquent of the larger exhibition that might have been. But even so it is a generous and affectionate tribute to Britannia's difficult neighbour. Daily until April 16: then on to the Walker Art Gallery, Liverpool.

Paris

Grand Palais. Paul Gauguin. Coming after Washington and Chicago, 250 works from all over the world form an important retrospective of the legendary *peintre maudit*, influenced at first by the impressionist Pissarro and later by Degas and Cezanne. The powerful personality of the self-taught artist rapidly asserts itself. The combination of japanism and primitivism expressed in glorious pure colours and the grave sensuality of his large Tahiti canvases revolutionised the artistic scene of his time and inspired the avant-garde movements of the early 20th century. Until April 24, closed Tue; late closing night Wed (42 96 58 30).

Louvre. Closed for repairs until March 30.

Centre Georges Pompidou. Tinguely's tinkering genius sets his machines swirling and whirring in a riot of colours, yet the mood of the 100 exhibits moves from the exuberance of invention to metaphysical preoccupations in his recent works. Closed Tue. Ends March 27 (42 77 12 33).

Le Louvre des Antiquaires. A show of wallpaper from 1720 to 1930. The exhibition displays 300 samples of this minor decorative art and shows how its development followed, and underlined, the changes of fashion. There are 18th century handpainted *papiers chinois*, an ensemble of panels of Reveillon's Royal Manufacture followed by revolutionary symbols. Choice pieces of furniture help to recreate the atmosphere of a given period. A *trompe-l'oeil* wallpaper of a white drapery sets off Restoration furniture, while an exuberant flower-motif provides a perfect background to a Napoleon III tea-party. 2 Place du Palais Royal (42 97 27 10), Closed Mon, ends April 2.

Musée Jacquemart-André. Russian historical costumes. Leningrad's Hermitage Museum has lent 200 exhibits from its treasure trove of historical costumes dating from 1700 to 1914. Richly embroidered court dresses, gold on red velvet or silver on silvery brocade vie with the gracefulness of French-inspired lines of a white muslin dress. There are uniforms, sacerdotal robes and servants' liveries, there is the exotica of peasants' colourful clothes. Some 50 portraits complete the exhibition. 158, Bld Haussmann, 12 noon-6.30pm; ends May 31.

Musée des Arts Decoratifs. The intimate world of Alexander Calder. some 300 works, most of them gifts to family and friends and, as such, exhibited for the first time, show the inventiveness and sense of humour of the sculptor. Tins are turned into birds and twisted wire catches the likeness of a friend, while a miniature circus is created from bits and pieces in a riot of playfulness. Ends May 21. Closed Mon and Tue (42603214)

Musée d'Orsay. Paul-Emile Miot's photographs from Tahiti 1869-1870 show the melancholy reality behind Gauguin's dreams of an exotic paradise. Closed Mon, ends April 23 (40494814).

Musée du Luxembourg. Treasures of Gallo-Roman Silverware. The splendour of Roman silversmiths' work is brought to life by the rich finds on the territory of Roman Gaul. 250 exhibits show favourite decorative motifs – floral themes, scenes inspired by hunting or by the Dionysos cult. Tableware, mirrors and treasures from temples testify to the finesse of Roman and Gallo-Roman master craftsmen. 19, rue de Vaugirard (42342595). Closed Mon, ends April 23.

Musée de Cluny. Medieval art in Paris. The abbots of Cluny built their magnificent late Gothic town house in the heart of the Latin Quarter on the blackened ruins of Roman baths. Now a museum, it houses medieval works of art – goldsmiths' work, carved altarpieces, ivories, fabrics, with two English royal standards embroidered in gold on red velvet. In a rotunda of its own is a set of the Lady and the Unicorn mille fleurs tapestries – an allegory of the five senses, one of the masterpieces of medieval art. Place Paul-Painlève, Métro Odéon. Closed Tuesdays and lunchtimes.

Brussels

Palais des Beaux-Arts. Art Deco in Europe. Tues-Sat, closed Mon. Ends May 28.

Musée Royaux d'Art et d'Histoire. Tibet – Terror and Magic, sculptures and paintings of lamaist gods on loan from the Musee Guimet, Paris. Closed Monday ends May 14 (733.9610).

Fondation pour L'Architecture. From Masters to Students. 225 years of Architecture at the Academy of Fine Arts, Brussels.Closed Monday. Ends March 26 (649 0259).

Générale de Banque, 29 Rue Ravenstein. Formal Dutch furniture of the 16th-18th Centuries. Open daily, ends Mar 21.

Frankfurt

'Je Suis le Cahier', the sketchbooks of Picasso. This exhibition of 40 sketchbooks and around 200 paintings, organised by the New York based Pace Gallery and sponsored by the American Express company, will have its second stop here in Frankfurt on the European tour. These fascinating sketchbooks, owned by Picasso's family have never been shown in public before. All styles and periods in his working life are represented here. These books cover around 70 years of his life; his start in Spain of the turn of the century, the cubism period before the First World War, and followed by the period from 1920 to 1965. In the sketchbooks there are his most famous works as Damoiselle d'Avignon (1907), the Swimmers (1918),the Clown (1905). Ends May 28.

Cologne

Kaethe Kollwitz Museum. Kaethe Kollwitz (1867-1945). 120 early works by the German graphic artist Kaethe Kollwitz, from the Dresden copper engraving cabinet collection, are exhibited for the first time outside Dresden. Kaethe Kollwitz's life and art were a constant protest against poverty and oppression, as is powerfully expressed in the work. There are also works from 1890 to 1912, coloured works with Jugendstil elements, later plastics and graphics from the Cologne Kaethe Kollwitz-Museum. Neumarkt 18-24. Ends March 29.

Maastricht

Exhibition and Congress Centre. The annual European Fine Art Fair. From Fri.

Vienna

The Bank für Arbeit und Wirtschaft. A large and varied exhibition of paintings and water colours by George Eisler, one of Austria's best known painters, is on show. Eisler left Vienna during the War, lived in Manchester but was one of the few artists to return. Ends April 20.

Secession. There is always some exhibition by Austrian artists on show here. But it is also worthwhile to go downstairs and see Klimt's Beethoven Frieze, which has been restored to its original place. The Secession, home of Vienna's fin-de-siecle painters, has been wonderfully restored.

Austrian Museum for Applied Arts. Calling it Design-Wien, Peter Noever, the director has drawn together a collection of works Austrian artists, designers and architects to show just how creative the country's artistic community has been over the past two decades, despite a certain conservatism towards the arts. Ends March 27.

A New Art Gallery, run by the state-run Leanderbank, makes its debut with what is expected to be an exciting exhibition on Egon Schiele, one of Vienna's greatest *fin-de-siècle* artists. Opens on March 14.

Rome

Palazzo Braschi. Views of Rome by Giambattista Piranesi: 93 engravings by Piranesi and contemporaries (including his son, Francesco and his maestro, Giuseppe Vasi) covering the years 1745 to 1778 at a magical period in the city's history, when decorative additions to the baroque city such as the Trevi fountain and the flight of steps from Trinita dei Montito Piazza di Spagna had only just been completed, and a mere 100 or so years had passed since Bernini had completed the two fountains and the colonnade in St Peter's Square. The exhibition opens with the exquisite map of the city engraved by Gian Battista Nolli in 1748, beneath which Piranesi has drawn the facades of S. Maria Maggiore, S. Croce in Gerusalemme, and the symbol of Christian Rome, St Peter's. Piranesi stands out from his contempories for the innate drama of his engravings, this quality becoming ever more pronounced, until the cool, analytic approach taught by his mentor Vasi, loses out completely to the romantic and poetic side of Piranesi's nature: note his engravings of the interior of the colosseum (1788) and the temple of Minerva Medica. Until April 25.

New York

National Academy of Design: The 164th annual juried exhibition includes 133 works. In accordance with a rule change in 1981, this show comprises work only by academy members, alternating with open competition in even numbered years. Ends March 26.

Pierpont Morgan Library. Master drawings borrowed from Holland's oldest museum, the Teyler in Haarlem, focuses on work by Michelangelo, Raphael, Golzius, Rembrandt and Guercino among 100 pieces from the 16th and 17th centuries. Ends April 30.

Museum of Modern Art. In advance of its arrival at London's Hayward Gallery in November, the first retrospective of the work of Andy Warhol since 1970 surveys all his work from the 1950s, covering the Campbell's Soup cans, silkscreens on canvas of Elvis, Jackie Kennedy, Marilyn Monroe and other movie stars, disaster paintings and numerous self-portraits. Ends May 2.

Washington

National Gallery of Art. Cézanne: the Early Years. Already seen at London's Royal Academy of Art and the Musée d'Orsay in Paris, the exhibition comprises 65 oils and 35 drawings showing Cézanne's proto-impressionist techniques from 1859 to 1872. Ends April 30.

Chicago

Art Institute. As part of a national tour, 67 rare ancient Greek sculptures, bronzes, and painted terracotta trace the development of the human form in art from the tenth to the fifth centuries BC. Ends May 7.

Art Institute. Dante Gabriel Rossetti, J.E. Millais, Edward Burne-Jones and Simeon Solomon take centre stage for this British drawings show, called "From the Ridiculous to the Sublime," which covers a century from Thomas Rowlandson's satires through Turner and Lear to the pre-Raphaelites. Ends March.

Tokyo

Japan Folkcraft Museum. Ceramics and etchings by the two greatest potters of the 20th century, Bernard Leach and Hamada Shoji, who were also lifelong friends. The museum is housed in a beautiful old farmhouse building and has a superb collection, of which only a fraction can be displayed at any one time. Closed Mondays. Ends March 26.

Idemitsu Museum. Arts and Crafts from China. This selection from the museum's superb Chinese collection is dominated by sacrificial bronze vessels from the Shang and Zhou dynasties and by lacqerware from the Yuang and Ming dynasties. Refreshments are available and there is a fine view of the imperial palace moat. Closed Mondays. Ends March 26.

Teien Museum, Meguro. Preview of exhibits from the Edo-Tokyo Museum, which opens in 1992 and will depict Tokyo's history from Edo days to the present. Highlights include a superb lacquer make-up box complete with contents and woodblock prints focusing on the floating world of pleasures and pastimes. The Teien Museum has one of the world's fin-3v Art Deco interiors and a fine garden. Closed Wednesday. Ends March 28.

OPERA AND BALLET

London

Royal Opera, Covent Garden. The fidgety, shallow new *Cosi fan tutte* is produced by Johannes Schaaf. Jeffrey Tate conducts, heavily, and the bland cast includes Margaret Marshall, Suzanne Mentzer, and Hans Peter Blochwitz.

English National Opera, Coliseum. Jonathan Miller's dark staging of *Don Giovanni* is revived with Steven Page in the title role, Rita Cullis as Anna, and Jane Glover (making her ENO debut) as conductor. Miller's successful big-house adaptation of Britten's greatest chamber opera, *The Turn of the Screw*, continues in repertory, as does the first-ever Coliseum *Falstaff*, produced by David Pountney and conducted by Mark Elder, with Benjamin Luxon at the head of an excellent cast. Last performance of Bizet's uneven but lovably fresh and tuneful *Pearl Fishers* in its current run.

Sadler's Wells, the season of Spanish Zarzuelas continues.

Royal Ballet

. Covent Garden. Romeo and Juliet on March 16; a triple bill on March 17 and 22: Ondine on March 20.

Paris

Théâtre des Champs Elysées. Rossini's *William Tell* with Michael Schoenwandt conducting the Orchestre National de France in a new co-production between the Théâtre des Champs Elysées, Teatro alla Scala, Nice Opera and the Total Foundation for Music (47203637).

Paris Opéra. Tchaikovsky's *Sleeping Beauty* in Rudolf Nureyev'sproduction and choreography after Petipa conducted by PatrickFournillier alternating with Vello Paehn in Nicholas Georgiadis Decors and with Paris Opéra stars (47425371).

Amsterdam

Muziektheater

. The Netherlands Opera with Rossini's Barbiere di Sivigilia, designed and directed by Dario Fo. Stephen Barlow conducts the Netherlands Philharmonic, with David Malis as Figaro, Louise Winters as Rosina, and Douglas Alhstedt as Count Almaviva.

Berlin

Opera. The successful Götz Friedrich *Ring* production returnswith *Siegfried* and *Götterdämmerung*. the main parts sung by Ute Vinzing, Toni Kraemer, Robert Hale, Hanna Schwarz, Reiner Goldberg and Eva Johansson. *Peleas und Melisande*, sung in French is revived with Friedrich Molsberger, Karan Armstrong, Kaja Borris, Barry McCauley and Wolfgang Schoene, conducted by Jesus Lopez Cobos. *Aida* has a strong cast led by John Tomlinson, Piero Cappuccilli, Julia Varadyin the title role, Bruna Baglioni and Giorgio Lamberti.*Nôtre Dame de Paris*, choreographed by Roland Petit rounds off the week.

Hamburg

Staatsoper. *Der Liebestrank* features Hellen Kwon, Kurt Streitand Rolando Panerai. *Zar und Zimmermann* is a well donerepertoire performance. *Die Hochzeit des Figaro* features JudithBeckmann, Dagmar Schellenberger, Wolfgang Brendel and Gilles Cachemaille. *Eugen Onegin*, sung in Russian has a first-rate cast including Karita Mattila, Daphne Evangelatos, Wolfgang Brendel, Kurt Moll and David Rendall. Further performance of *Der Troubadour* with Wolfgang Brendel, Sharon Sweet, Ruza Baldani and Lando Bartolini.

Stuttgart

Opera. Stuttgart celebrates the 200th anniversary of the French revolution with the city's first staging of *Andrea Chenier*, produced by Ian Strasfogel with sets by Hans Hoffer. The cast includes Bruna Baccaria in the title role, Paolo Gavanelli, Gabriela Benackova-Cap and Helene Schneiderman.

Cologne

Opera. *La Traviata*, produced by Peter Brenner and conductedby Sir John Pritchard with Lucia Aliberti in the title role, will have its premiere this week. *Die Fledermaus* is well performed by Claudio Nicolai, Gabriele Fontana, Randall Outland and conductor Georg Fischer.

Bonn

Opera. *Madame Butterfly* with the wonderful Marco Arturo Marelli production and sets, convinces thanks to Yoko Watanabe and Michael Sylvester outstanding in the leading parts. *Tannhäuser* stars Grace Bumbry, Richard Versalle, Alfred Muff, John Broecheler and Christer Bladin. Also the ultra modern Bernhard Broka production of *Die Fledermaus*.

Rome

Teatro dell'Opera. Wolframs Kremer's production of Verdi's *Ernani*, with the sets by Nicola Benois for the opera's last performance here in 1978. Cast includes Giuseppe Giacomini, Giorgio Zancanaro, Dmitri Kavrakos and Silvia Mosca,conducted by Giuseppe Patane (46.17.55).

Milan

Teatro alla Scala. Giorgio Strehler's production of *Le Nozze di Figaro*, designed by Ezio Frigerio. Riccardo Muti conducts a cast which includes Anne Murray, Cheryl Studer, Patricia Pace and William Shimell (80.91.26).

Turin

Teatro Regio. *Le Nozze di Figaro* in Egisto Marcucci's production, designed by Umberto Bertacca. In the cast are Alberto noli, Eugenia Moldoveanu, Lucio Gallo, Laura and Manuela Custer; conducted by Gustav Kuhn (548.000).

New York

Metropolitan Opera. The week's performances include *Rigoletto* with Hei-Kyung Hong as Gilda and Leo Nucci in the title role, conducted by Nello Santi; *Eugene Onegin* conducted by Andrew Litton with Mirella Freni as Tatyana and Jorma Hynninen in the title role; and Eva Marton in the title role in the season's last performances of *Salome*, conducted by Marek Janowski. Lincoln Center Opera House (362 6000).

Antologia de la Zarzuela. South American company of 80 dancers, singers and musicians perform with lavish sets. City Center (581 7907). Ends April 2.

Washington

Dance Theater of Harlem. Mixed programme of the notable modern ballet company features works by Balanchine and Pepita. Kennedy Center Opera House (254 3770).

La Gran Scena Opera Company. Artistic director Ira Siff leads his parodists through Wagner, Bizet, Puccini and Cilea in flamboyant, camp scenes in elegant costumes and sets. Kennedy Center Terrace Theater (254 9895).

Tokyo

Lar Lubovich Dance Company. *North Star, Concerto Six Twenty-two, Rhapsody in Blue.* Shinjuku Bunka Centre (Thurs) (580 0031).

ARTS

Alastair Muir

Colin Bruce and Jack Galloway

Long Time Gone

LYRIC STUDIO

It has been a traumatic few days for professional critics: synthetic musicals in the West End, sprawling shapelessness from the Black Theatre season, callow self-indulgent posturing at the King's Head, and *Othello* murdered in Greenwich. More sensitive souls might think of giving up and actually working for a living. A note of hysterical relief, therefore, may be noted in this welcome for Hammersmith Lyric Studio's latest offering in association with Salisbury Playhouse: a play that has professional writing, by Catherine Hayes, director and performers to its credit.

As may be imagined of the author of *Skirmishes*, this study of family tensions, ructions, estrangements and final reconciliation is is unfolded in short scenes of taut dialogue, most notably when between only two characters. The principal figures are historical, or rather factual: the American singing duo, the Everly Brothers, which adds an ultimately moving dimension to the story.

I suspect that the play would be tighter if pruned by a few scenes and played straight through without interval. The fragmented picture emerges of the brothers chafing against their enforced partnership, both in showbiz and private life, their marriages, their parents' bewilderment at the rift that would result in a 10-year estrangement.

A little too fragmented, perhaps; and repetitive, in that the evening seems a series of slight variations on the basic and simple theme of struggling to cut oneself free from an interlocking double identity. Jack Galloway's Don is brooding, unsmiling, a complement to Phil whom Colin Bruce makes nonchalantly pliable, with a streak of throwaway and philosophical humour. Their vocal blend symbolises their life together ("Harmony," says one bitterly; "the domination of one voice by another"). Each makes bids for freedom, Don secretly recording songs without his brother, Phil keeping the show going in England after Don is carried off on a stretcher with "food poisoning" (the play mentions drugs). Each individual success wounds the other. Significantly, not one ever leads anywhere. Don's dependency on stimulants (drugs, drink) evidently extends further.

On the way we meet their colleagues, relations and some (not all) wives. Miss Hayes provides quite a few good lines both in charting familial abrasiveness and following the musical metaphor: "If he sings the wrong words what do you do?" demands Phil, the eternal second string. "I don't want to listen to anyone's voice ever again."

The narrative line is sometimes blurred by the non-chronological sequence of scenes, and by the doubling of the women's roles. Both Lorraine Bunning (Don's daughter and Phil's first wife) and, especially, Michele Costa (both of Don's wives) are stylish, incisive performers. Debbie Shewell's direction, simply deploying a few sticks of furniture, moves smoothly and inexorably towards a final scene, beautifully paced and played, that contradicts an earlier sour observation that "I don't need harmony; you can live without it."

Like former lovers, the brothers edgily pace out old barriers from their respective sides: funny, acerbic, eruptive, soothing, and finally resulting in a long, silent embrace, the scene makes a marvellous conclusion, delicately balanced between sentimentality and the practical incongruities of family life, even at its most dramatic.

Martin Hoyle

Shapes of drama

Bryan Robertson reviews Paul Huxley

Watching Paul Huxley's abstract paintings evolve during the past 25 years has been one of life's more enjoyable experiences. Huxley is now 50. The occasion of a substantial exhibition in London of his recent paintings (at the Mayor-Rowan Gallery, 31A Bruton Place until March 30) seems a good stage at which to assess his achievement – he has formulated and elaborated a visual language of his own with a consistency, even a purity, of purpose that avoids repetition but establishes a strong individual character.

Huxley has always deployed what are usually considered simple elements in his paintings and they are quite flat squares, rectangles, triangles, circles. Sometimes a triangle is given a curved base and becomes, or at least implies, a cone; or a distended circle becomes an ellipse – a circle lying down. These shapes, radiantly coloured like the deceptively simple props of a magician, are set in calmly ordered but alert collusion with each other like monumental confrontations, or the opposing forces of a majestic thesis facing up to its own antithesis.

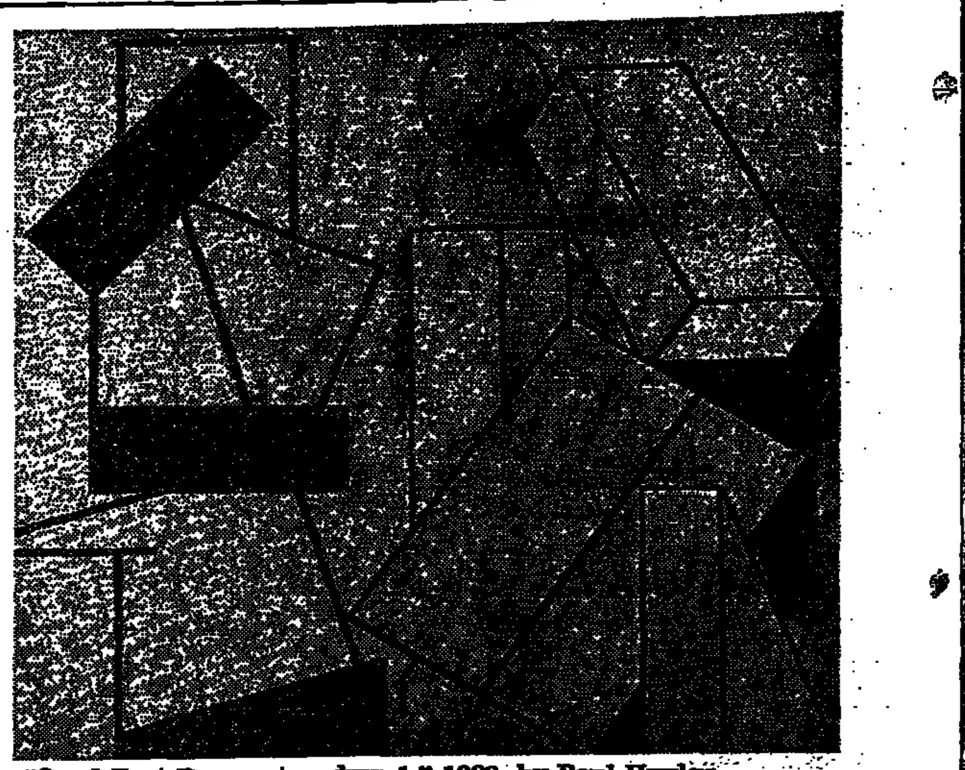
The paintings are often divided in this way. Placed against a muted, faintly off-key containing space, softer in colour, and of mysterious density, these peculiarly compulsive essays in balance and disequilibrium hold the eye like a stage spectacle. The paintings seem to transmit a set of signals as metaphors in the restrained drama of demarcation lines between squares and rectangle, a drama which takes on the edginess of a territorial imperative.

When you first look at Huxley's paintings, the glow of light and colour is instantly pleasurable and so is the apparently serene clarity of each structure. But until you give them time, the paintings can seem bland and cool – the paintings require individual attention. Gallery visitors always focus on a realistic picture of a tree as opposed to a realistic portrait with undivided attention, but will stand back and survey an entire wall of abstract paintings as if they were all one work, which is hopeless. With Huxley's art, each painting gains in strength, potentialities and unexpected disclosures with sustained attention.

The space itself becomes ambiguous. Back in the late 1960s and '70s he painted canvases in which, say, a series of yellow cone shapes moved diagonally across the surface of a big green canvas. But in the top corner, multicoloured bands of colour would be stacked up in a solid block – which seemed to pierce the green space so that you are unsure if the green colour is set back in space, or if the coloured bands are, conversely, set back behind a green wall. The paintings challenge one's habitual perception.

The feeling that Huxley's abstract shapes are surrogates for some other kind of drama is backed up by the fact that he likes the Bunraku puppet theatre of Japan, in which huge doll-like figures are manipulated by black hooded performers. That separation of primary colours in the corner from their possibly relevant conical shapes is an extension of this Japanese coming-together-in-separation idea.

Huxley's evident love for the possibilities still latent in abstract art is still expressed through energetic invention. He recently completed some big decorations with coloured tiles for the Piccadilly and Northern lines in the tube at Kings Cross, which are happily untouched by the recent fire. It was perceptive of the London Regional Transport to commission Huxley, and he is ripe now for a mural painting commission because his work is beautiful, mature – and he has an instinctive command of monumental scale which is rare among painters and sculptors. Much big painting – and Huxley's abstract dramas need a fair size in which to expand – is inflated in format as well as content, but Huxley's paintings have a compulsive scale to match the momentum of their content.



"Quod Erat Demonstrandum 1," 1988, by Paul Huxley

Painting of this distinction is rare, and Huxley's inventiveness during the past decades is a sign of the persistence of abstract painting through times which have been hostile. After the flair and excitement of abstract art in the sixties, the focus of attention on painting was dispersed in the seventies in the face of performance art; conceptual art with graphpaper charts on the wall and stones from the desert on the floor; or the extremes of minimalism in which more than two colours in one canvas seemed almost vulgar. The hotly touted, promoted and financed "return" to figurative painting of recent years brought a few good things, but it is ending in a whimper with as much hollowly manufactured figurative art as there was wall-to-wall abstract painting on occasion in the 1960s and early '70s.

I am all for balance, myself. I love Bonnard, Dufy and Matisse as much as I am moved by Mondrian, Pollock or Rothko. Why do we have to accept an either-or impasse? The renewed concern for abstract art in the US and in France and Italy will affect things here. From Cubism on, abstraction has been an eloquent and inspiring extension of pictorial language. There is room always for figurative art, but abstract art, like humanity itself, still has a long way to go – it is part of modern idealism, still fighting, still unfolding.

Billy Budd

NATIONAL THEATER, MANNHEIM

The appeal of Benjamin Britten's operas for German audiences has always been their ability to express timeless moral dilemmas in gripping narrative form, enlarged by singable music that brings tradition as near as possible to the present day. In a post-war operatic landscape dominated by expressionist assault, it must be a relief to come across a work as involving and thought-provoking as *Billy Budd*, which has just been treated to a staging of unusual sensitivity at the National Theater in Mannheim.

Every production of *Billy Budd* is an event, partly because of its continuing rarity, partly because it deals with big issues so convincingly, and also because it always seems to bring out the best in its performers. One leaves the theatre intrigued by the tale, marvelling at Britten's skill. This production was no exception.

The stage director Willy Decker and his designer Wolfgang Gussmann chose a bare essentials naturalistic framework. The basic set was a bleached white wooden deck, steeply raked back to the ship's prow and surrounded by bleak featureless backcloths. The officers wore the stiff naval uniforms and distinctive hats of the Napoleonic era. There were brief glimpses of canon and ropes, and the start of Act 2 saw a splendid ship's assembly, with drummers on deck and billowing blue ensigns to match Britten's best martial music. The whiff of the sea so unmistakably conveyed in the score was also reflected on stage, the lolling shadows in Vere's cabin suggesting the steady heave of a man o' war under sail. Apart from the flags, the only colour in this grim, grey, inescapable panorama was Billy's red neck scarf, forfeited to Claggart on his arrival.

There was never a glimmer of extraneous detail (other German opera producers please note). Decker had his priorities absolutely right, trusting the work implicitly, and creatively responding to its challenges through the finely tuned performances of chorus and soloists. The sexual tensions were unexpectedly muted, the role of Vere coming across as almost incidental to the central conflict between good and evil.

Billy, sung by Thomas Mohr with a beautiful, steady, masculine lyric baritone, was no angel of God, but a lusty, chubby, cherubic lad in white breeches and braces, his ballad very much the music of life: a remarkable, radiant performance. Claggart, sung by Allan Evans with lean, hectoring tone, was a bully and a brute, pacing the deck with the same death-laden tread that is so eloquently portrayed in the orchestra. It is a tribute to the production that these two characters were so believably human.

Vere, as embodied by Jean Cox, was no man of action, but the same indecisive, inhibited and isolated figure that was seen resting his head pensively against the wall in the prologue and epilogue. It was hard to understand the nature of his feeling for Billy – though this seems to have been as much a weakness in the opera's revised construction as of this particular production, which painted Vere as a naval Pontius Pilate, aware of moral choice but incapable of taking the courageous path. Cox's voice is very much that of the worn out Wagnerian heldentenor, but he holds the stage with dignity. The comprimarios were uniformly excellent.

The orchestral contribution under Erich Waechter was boisterous but unexceptional: the dramatic subtleties of the music were somewhat muted, though there were intriguing shades of Berg in the saxophone solos.

Andrew Clark

St John Passion

ST JOHN'S, SMITH SQUARE

The earlier of Bach's two surviving *Passions* has the advantage, for current "authentic" performing, of a certain austerity compared to the greatly loved *St. Matthew* – fewer numbers which have become lodged in everybody's ears in the familiar Edwardian manner, grand and essentially Romantic. On Tuesday *St. John* was performed by Harry Christophers choir The Sixteen (actually eighteen for this occasion) and their period-style band, with a half-dozen solo singers attuned to the new-old manner, and the result would have melted any but the most obstinate prejudices. It will be repeated in Smith Square tonight.

Often the much lighter orchestral sound naturally prescribes dancing tempi, just as we expect in Bach's concerti and solo sonatas. Just once I thought Christophers too neutrally brisk, in the final mourning chorus, but that may have been no more than a loss of alertness at the end of a long, notably alert performance. Otherwise, the unhesitating directness of the chorales was bracing, and several of the contrapuntal dramatic outbursts for the choir were brilliantly swift, like lightning-flashes bringing scenes to searing life. Much was made of the astonishing variety of Bach's accompaniments for arias, with the help of imaginative solo players: the period flutes that wound around both the soprano arias were enchanting.

The part of the Evangelist was safely placed with Ian Partridge, whose modest grace and penetrating sympathy in this music are universally admired. Jesus was represented robustly, even belligerently, by David Wilson-Johnson, and Michael George offered a Pilate of striking distinction and depth as well as taking the bass arias. William Kendall's cultivated tenor (without the bloom of a few years back) was best displayed in his Arioso.

Patrizia Kwella's carefully etched line made an elegant impression – a touch more spontaneity would be an asset – in both the soprano arias. As the alto soloist, David James was not only strong and moving in his first aria, but met the elevated challenge of "Es ist vollbracht" with extraordinary security and musicianship: a performance to remember with heartfelt gratitude.

David Murray

The Importance of Being Earnest

BIRMINGHAM REPERTORY THEATRE

Birmingham Rep gives us a good straightforward *Importance* under Derek Nicholls's direction. There are some concessions to our own day, but not visible to the eye. True, Nigel Leach's Algy would have been thought ill dressed both in town and country, but Rodney Cottam's Jack is correct to the last button, even in his mourning black.

Both girls, Zelah Clark's mature Gwendolen and Abigail Bond's immature Cecily, are properly dressed for the period, and Lady Bracknell (Kathy Staff)too. No doubt designer Terry Parsons checked the propriety of those ostrich-feather hats, which would get their wearers lynched by the Animal Liberation Front if they wore them today. His scenes fit more comfortably on the vast Rep stage than last month's, even if Algy's rooms are rather spacious for Half Moon Street. I saw no Maréchal Niel roses in the Manor House garden, though they survive in the dialogue.

Algy's behaviour in his rooms is pretty anachronistic, though. He wears a frightful smirk that sorts ill with the polish of Wilde's wit, and he wears his emotions so powerfully on his sleeve that they can make him slide off the sofa, or collapse on a rug, or even engage Jack in a little wrestle. Smart young men, knowing their servant is always at hand, would not act like this.

Jack on the other hand behaves as correctly as Wilde intended, whatever his motives; and so do the young ladies. This Lady Bracknell is a shouter; she even shouts the crucial "A handbag," which Wilde followed with a question-mark, not an exclamation-point. She shouts at Miss Prism (Jane Freeman, very convincing), but less so at Canon Chasuble (Nicholas Denney). No doubt there were bad-tempered baronesses in the 1890s; but I thought her shouts had a little too much of the fishwife about them.

It is hard to judge an *Importance* by any but the highest standards, and I reckon this one under Derek Nicholls' direction comes out well enough for our Second City.

B.A. Young

True West

BOULEVARD THEATRE

For its second production under the direction of Nancy Meckler Shared Experience has revived a Sam Shepard play from 1980 which hammers nails into the coffin of American manhood as hard and as fast as they come to hand. Like David Mamet's more recent *Speed-the-Plow*, now playing on the South Bank, it deals with life in the shadow of Hollywood. But whereas Mamet holds reality at one remove (even the fundamentals of lust and ambition are by-products of the studio system, indulged and abandoned like the latest movie treatment), Shepard slaps it down in the centre of a stage in which anything – even fratricide – can happen. Hollywood, however compelling its myths and role models, can ultimately only stand by to mop up the film rights.

In a central, climactic frenzy, Lee – a drifter who has returned to harass his scriptwriter brother – smashes up a typewriter in his frustration at finding himself unable to make fiction of his experience. Austin, the ex-Ivy Leaguer whose preserve that fiction is, sits drunkenly slumped against kitchen units piled with toasters he has stolen from neighbouring houses in a reckless attempt to prove himself "a man" after being casually dumped as a writer. Both have staked out a corner of the American experience, and their encroachment on each other's territory creates an electrifying impact, charged with huge, elemental emotions of envy, rivalry and despair.

The appeal of Shepard's work to a company intent on exploring the boundaries of performance is easy to see – it has a physicality not in great abundance on the English stage, and still less on a stage as small and shallow as the Boulevard's. Its nine tight scenes appropriately take place in the immaculately suburban kitchen and diner of the brothers' parental home, where Austin is plant-sitting, while his mother holidays in Alaska.

Perhaps partly because of the ambiance, Meckler's production takes a while to find its rhythm. The tinny soundtrack of crickets and baying coyotes combines with variable accents to create a sticky few minutes before the emotions begin to fuse, shaping Vincenzo Ricotta's swarthy, beer-swigging drifter into a character as dangerous as he is desperate.

His somewhat unconvincing ability to gamble his way into the confidence of a smarmy producer (Kenneth Hadley) is offset by an entirely convincing ability to intimidate and transfix his younger, smaller brother through sheer brute force. Swallowing his fear, gulping back his nausea or twisting into an absurd rubber limbed drunkenness, Kerry Shale's Austin time and again illustrates Shepard's knack of getting a gasp off the back of a laugh.

Claire Armitstead

SALEROOM

A coup for scholarship

It has been a week of surprising announcements. Hot on the heels of Christie's news that it hopes to sell a small panel attributed to the rare 15th century artist Antonella da Messina for £4m, the auction house now reveals it is to sell one of the most admired masterpieces in the Frick. The portrait of the adolescent Cosimo I de Medici by the Florentine Mannerist Jacopo Carucci, known as Pontormo, has been consigned to auction from the collection of the late Chauncey D. Stillman, who had placed it on loan to the New York museum.

Christie's describe the three-quarter length work, painted around 1530, as the finest surviving portrait by the artist, and the greatest Renaissance painting to appear on the market for many years. A sum in the region of $20m is expected when it is comes under the hammer in New York on May 31. The current auction record for an Old Master painting was established in 1985 when by Mantegna's "Adoration of the Magi" sold for $10.4m (£8.1m).

Not to be outdone, Sotheby's announce the rediscovery of Turgenev's heavily annotated working manuscript of "Fathers and Sons." Its reappearance is a coup for scholarship as well as for the auction house; the only other autograph manuscript of this politically explosive novel is a fair copy now in the Biblioteque Nationale. The 180-page draft has been sent to auction by its British owner, and is expected to fetch around £500,000 on May 18. It is the first Russian literary manuscript to be offered at auction.

Back to business. Christie's bumper 382-lot sale of Scandinavian art got off to a satisfactory start yesterday. Helene Schjerfbeck's final treatment of "The Convalescent," a bold chalk and watercolour drawing of 1945, realised £308,000 and a record auction price for the artist. More unexpected still was the £187,000 paid by a private collector against an estimate of £40-50,000 for a cottage interior by Karl Emmanuel Jansson, the best Finnish genre painter of his generation.

The other record of the sale was set by Stockholm dealer Amell who bagged Paul Fischer's picture of a Copenhagen flowermarket for £132,000, estimate £50-70,000. A late interior of a music room by his countryman Vilhelm Hammershoi also exceeded expectations by selling for £121,000.

Susan Moore

W.H. Smith Literary Award

The W.H. Smith Literary Award for 1989 (£10,000) has been won by Christopher Hill, the historian who was Master of Balliol College from 1965-1978.

Dr Hill, who was presented with the award at a luncheon in London yesterday, won it for his biography of John Bunyan, *A Turbulent, Seditious and Factitious People: John Bunyan and his Church*, published last year by Oxford University Press. A paperback edition, at £7.95, appears this week.

ARTS GUIDE

March 17-23

MUSIC

London

London Philharmonic Orchestra, with the London Philharmonic Choir, conducted by Bernard Haitink, with Nigel Kennedy (violin). Bruch, Vaughan Williams (Sat). Royal Festival Hall (928 8800).

National Symphony Orchestra, conducted by David Coleman, a Spanish Fiesta. (Sun) Barbican Hall (638 88891).

Royal Philharmonic Orchestra, with the Brighton Festival Chorus, conducted by Walter Weller. Glinka, Sibelius, Orff. (Sun) Royal Festival Hall (928 8800).

BBC Philharmonic Orchestra, conducted by Edward Downes. Beethoven, Schoenberg. (Wed) Queen Elizabeth Hall (928 8800).

BBC Symphony Orchestra, conducted by David Atherton, with Martin Roscoe (piano). (Thurs) Barbican Hall (638 8891).

Royal Philharmonic Orchestra, conducted by Walter Weller, with Radu Lupu (piano), John Birch (organ). Beethoven, Mozart, Saint-Saëns. (Thurs) Royal Festival Hall (928 8800).

Danish String Quartet, world premiere, Nørholm's Quartet No. 8, with quartets by Schubert in D minor, Death and Maiden and Ravel. Wigmore Hall, Wigmore Street. (935 2141)

Paris

Paul Kuentz Orchestra conducted by Paul Kuentz, Maurice André, trumpet. Mozart, Hummel, Tartini, Vivaldi, J.S. Bach (Mon) Salle Pleyel (456 38873).

Ensemble Orchestral de Paris conducted by Theodor Guschlbauer, Raphael Oleg, violin: Kodaly, Mozart, Schubert (Tue) Salle Pleyel (456 38873).

Jeune Orchestre Symphonique d'Europe conducted by Olivier-Holt. Meyerbeer, Mendelssohn (Wed) Salle Pleyel (456 38873).

Nouvel Orchestre Philharmonique and Radio France Choir conductedby Hans Graf: Carl Maria von Weber – *Die Drei Pintos*, a Gustav Mahler orchestration in concert version (Thur) Chatelet (402 82828).

Orchestre National d'Ile-de-France conducted by Rouslan Raitchev,Torleif Thedeen, cello: Dvorak, Rimsky-Korsakov (Thur) Salle Pleyel (456 38873)

Amsterdam

Netherlands Philharmonic with the Excelsior Oratoria Society, St Vitus Boys' Choir and soloists. Bach's St Matthew Passion (Mon, Tues) conducted by Anton Kersjes with massed choirs under Bouwe Dijkstra (718 345)

Rotterdam

Rotterdam Philharmonic, choirs and soloists, James Conlon conducting. Bach St Matthew Passion (Thur). Doelen (413 2490)

Frankfurt Opera Orchestra conducted by Alberto Zedda a concert version of Rossini's opera *Mose* with Manfred Schenk in the title role.It also features Eduardo Villa, Lajos Miller, Alejandro Ramirez, Valentin Jar, Adalbert Waller, Ilse Gramatzki, Mara Zampieri, Doris Soffel. Alte Oper (Thurs).

Rome

Via Della Conciliazione. Handel (Concerto Grosso), Vivaldi (Il Favorito) and Haydn, with harpist Cinzia Maurizio and violinist Giuseppe Prencipe (Fri) and Pierluigi Urbini conducting. Also Strauss's Burlesque in D minor for piano and orchestra Der Rosenkavalier suite (Sun, Mon, Tues) (654 1044).

Milan

Teatro Alla Scala. Riccardo Muti conducting Mozart's D minor Mass with soloists Edita Gruberova, Ann Murray, Frank Lopardo and Giorgio Surjan; also Goffredo Petrassi's Choir of the Dead" based on the poem by Giacomo Leopardi (Mon) (80.91.26).

New York

New York Woodwind Quintet. Edison Denisov, Cecil Taylor (world premiere), Harrison Birtwistle, Carl Nielsen. Merkin Hall (Tue) (362 8719)

New York Philharmonic conducted by Erich Leinsdorf with Maria Ewing, soprano, and New York Choral Artists directed by Joseph Flummerfelt. Brahms, Debussy, Berlioz. Avery Fisher Hall (Tue) (874 6770).

Original Instruments directed by Malcolm Bilson. Mozart, Beethoven. Merkin Hall (Wed) (362 8719)

Manhattan Philharmonic Orchestra conducted by Peter Tiboris. Mozart, Verdi, Vaughan Williams, Mendelssohn, Haydn, Effinger. Carnegie Hall (Tue) (247 7800).

New York Philharmonic conducted by Klaus Tennstedt with Benita Valente soprano. Schubert, Mahler (Thur) (874 6770).

Washington

Chamber Music Society of Lincoln Center directed by Charles Wadsworth. Brahms, Perle, Dvorak. Kennedy Center Concert Hall (Wed) (254 3776).

National Symphony Orchestra conducted by Zdenek Macal. Zwilich, Schubert, Smetana. Kennedy Center Concert Hall (Thur) (254 3776).

Chicago

Chicago Symphony conducted by Leonard Slatkin with Mark Peskanov (violin). Also Bartok, Schuman, Janacek. Orchestra Hall (Tue) (435 0012).

Waseda Symphony Orchestra of Tokyo. Takemitsu, Ishii, Stravinsky, Dvorak. Orchestra Hall (Wed) (435 0012).

Chicago Symphony conducted by Leonard Slatkin. Haydn, Druckman, Brahms. Orchestra Hall (Thur) (435 0012).

Tokyo

Japan Philharmonic Orchestra, conducted by Tadaaki Ota, with Mari Tsuda (piano). Grieg, Mozart. Suntory Hall (Mon, Tues) (234 5911).

Kikuo Watanabe (piano) Schubert, Liszt, Prokofiev. Tokyo Bunka Kaikan, recital hall. (Mon) (289 9999).

Jennifer Bate (organ). Bach (Wed), Widor, Gounod, Saint-Saens. Suntory Hall (Thurs) (505 1010).

FINANCIAL TIMES

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Friday March 17 1989

An opening for the ANC

SOUTH AFRICA's ruling National Party is hoist by its own petard. The constitution it successfully urged the white electorate to endorse in a referendum in 1983 can now be seen to be doubly flawed. As well as failing to make provision for black aspirations, it unwisely granted President P W Botha overwhelming authority, which the party is now attempting to recover. Mr Botha has power but no mandate. Mr F W de Klerk won an overwhelming mandate from the party caucus this week, but has no power.

The leadership battle is engrossing. It is also potentially constructive. Mr de Klerk, 20 years younger than the 73 year old Mr Botha, represents a new generation of National Party politicians. In the short time he has been party leader and aspiring successor to Mr Botha, there have been tentative signs of change. Cabinet ministers and MPs, seem less transfixed by fear of their autocratic leader and less afraid to revive the country's stalled reform process.

The party is well aware that it urgently needs to restore its credibility. Watching the leadership from the wings with unconcealed delight is the extreme right Conservative Party, looking forward to a general election which has to be held within a year.

Watching from its Lusaka headquarters is the African National Congress, which maintains that the leadership dispute is all but irrelevant. This is too narrow a view. It underestimates the significance of the National Party's convulsions; and it fails to put them in the context of a region undergoing profound changes.

Watershed

The Angola-Namibia pact, which will lead to the closure of ANC guerrilla camps in Angola, marks a watershed in superpower attitudes to southern Africa. No longer are Washington and Moscow prepared to wage war by proxy in southwestern Africa. Neither side now talks of the importance of the Cape sea route, or of preserving access to strategic minerals in the region. And as Namibia moves towards independence, attention is focused on South Africa itself.

For over a year Moscow has been sending signals which indicate common ground with the West. The merits of the ANC's military campaign are being questioned. The need to preserve a thriving mixed economy is stressed.

Within South Africa, a host of factors adds to the pressure for change. The divisions and soul-searching within the Afrikaner community remain acute. The black-white ratio is moving from around 5:1 in 1980 to 8:1 at the turn of the century. Black urbanisation and the development of mixed residential areas continue apace.

Skill shortage

Last year there were 20,000 more black secondary school graduates than whites. A shortage of white skills is having to be remedied by black advancement. Economic growth falls short of what government acknowledges is necessary to sustain development. Policy makers accept that without fundamental political changes the country will remain starved of vital foreign capital.

Yet it often appears that the ANC is slow to respond to these developments. It has initiated contact with a range of South Africans, from leading businessmen to Afrikaner academics. It has also revised its Freedom Charter in an attempt to take account of changing realities. But admirable as these efforts are, they fall far short of the initiative now needed.

The ANC should be prepared to offer a truce in its guerrilla campaign, subject only to the release of Nelson Mandela and other senior political prisoners. It should at the same time table discussion papers on constitutional options, to provide at least a starting point for all party talks.

Such a move would stimulate debate in the National Party. It would encourage the forthcoming coalition of anti-apartheid white parties. In all probability, it would be welcomed by Mrs Thatcher and President George Bush at a time when the former is disillusioned with Mr Botha and the latter is reviewing US foreign policy. It is time for the ANC to put the ball in Pretoria's court.

The aims of law reform

HALFWAY through the consultation period, the discussion of the British Government's Green Papers on the future of the legal profession seems to have drifted away from their objective. The leaders of the Bar have succeeded in focusing the discussion on the survival of the Bar in the form of a professional guild. This, however, is not the central issue.

For the past two decades the urgent need has been to improve the public's access to law and to reduce its costs by making its procedures less complex. Closely connected with this is the need to make lawyers and judges seek commonsense solutions instead of indulging in legalistic sophistry and, in the criminal field, to direct the rigour of the law against violent crime instead of overcrowding the prisons with petty offenders. These are the aims which any reorganisation of the profession must be designed to serve.

Neither the allegiance to a privileged group nor a doctrinal belief that competition can heal all ills should preempt a rational consideration of the best means of achieving these objectives.

The status quo

The Bar Council and some of the top judges have put forward several arguments for preserving the status quo. One consists of assertions that the Bar provides superlative advocacy to all comers and is endowed with a unique financial and political independence on which the entire edifice of justice rests. The truth of the matter is that the Bar contains some brilliant advocates, but many more who are only learning the craft and some who will never learn it; that they are not available to all comers but only to those selected by their clerks who are guided by financial considerations; that it is not unknown for barristers to send an uninformed substitute at the last minute because they are double booked; that they are no less human than solicitors and have no monopoly of detachment and civic courage. Indeed, those who aspire to become Queen's Counsel and judges can be assumed to have more reason not to displease the Government than any solicitor.

The aspect of the Green Papers which most worries the senior judges is the perceived threat from government interference to the independence of the profession. Yet the threat appears to be little more than the imposition of a statutory determination of minimum requirements on professional codes of conduct. Would that open the profession to 'diktat' by the Government ? No more than the Financial Services Act made bankers subservient to politicians.

Would the opening of advocacy to solicitors and other lawyers, if properly qualified, deplete the Bar of able barristers who might prefer the security of a solicitors' office ? Many talented young lawyers already prefer a decent pay and the training opportunities of an articled clerk to the misery of being a barrister's pupil.

Artificial barrier

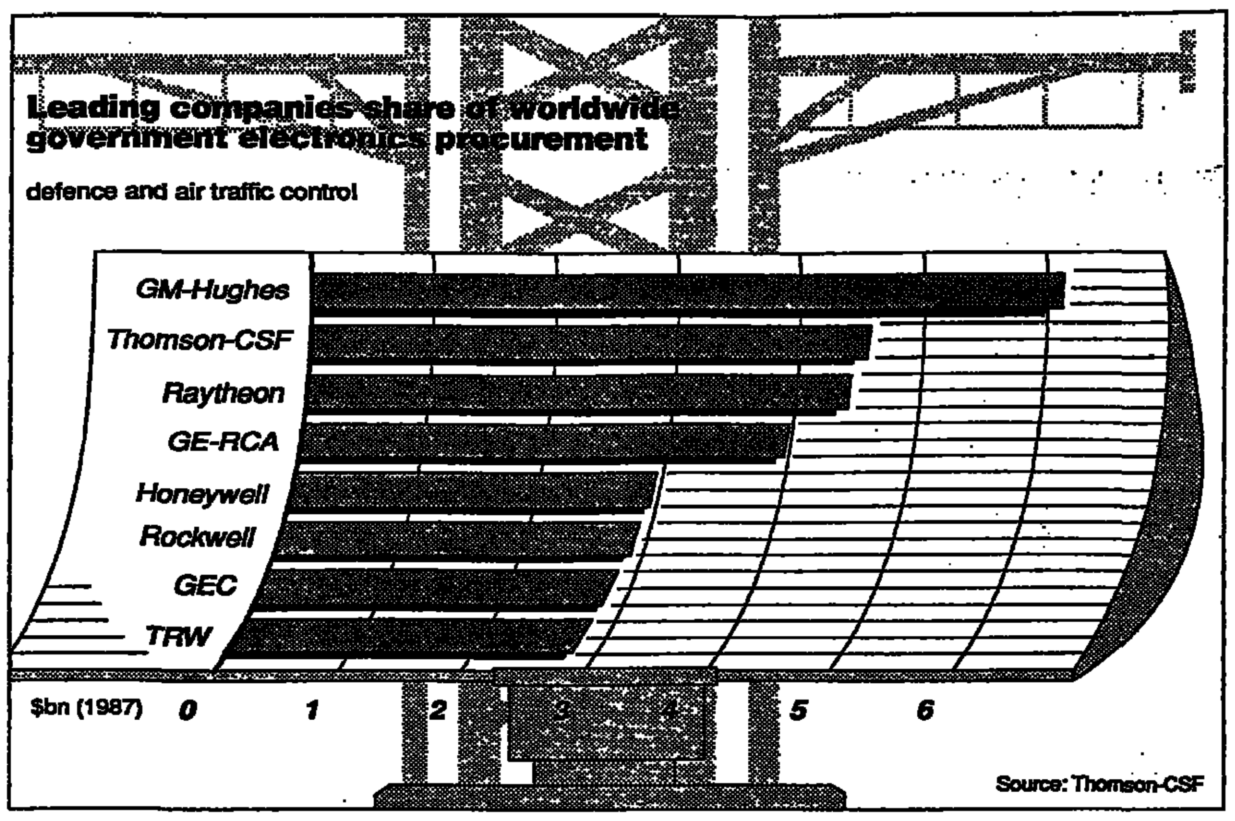
When the artificial barrier between the two sides of the profession falls, some will later specialise and leave the big office to practise on their own as barristers or solicitors, as trial attorneys do successfully in the US.

There are other aspects of the Green Papers which deserve criticism. It skips too lightly over the urgent problem of legal education, now increasingly dependent on private funding by industry and law firms. Except for the tame proposal to imitate the Scottish 'no win, no pay' arrangement, which is of limited application, it lacks a radical approach to the calculation of fees which offers a key to the elimination of delays.

Even with these shortcomings, the proposals of the Green Papers point the way to a different and better legal profession. Unprotected by monopoly and restrictive practices, it will necessarily become more interested in simplification of court procedure, in law which is less obscure and leads to more predictable judgments and in a profession whose main and most profitable task will be to forestall disputes and to keep people within the law and out of the courts.

David White reports on changes in Europe's defence electronics industry

Re-grouping for battles to come



Source: Thomson-CSF

The essence of fighting battles, to borrow a French general's elegant euphemism, lies in giving and not receiving. So it is for the manoeuvres that have been going on in Europe for the past few months in the defence electronics industry – the crucial part, and increasingly so, of the modern arms business.

Following the best principles laid down by military tacticians, companies that have long relaxed in the comfort of secure national markets are preparing to pre-empt moves by others that could squeeze them out of the centre-ground.

Faced with mounting research costs on new weapon developments, a tightening of government spending on defence throughout much of the industrialised world, and, in the UK in particular, exposure to competition on an unprecedented scale, many of Europe's major companies envisage far-reaching changes, either in corporate alliances or in mergers and takeovers.

GEC and Siemens' combined assault on Plessey, the UK's number two defence electronics specialist, is the most clamorous example, but it is not the first and, by general consensus, not the last.

This year will be a crucial one. The UK's Monopolies and Mergers Commission has to decide on the Plessey bid by April 10. (In an indication of the growing emphasis on competition, the British Ministry of Defence this week told the Commission the deal in its revised form still posed a considerable threat to competition in the country's defence industries.) In West Germany, Daimler-Benz plans to establish control over Messerschmitt-Bölkow-Blohm, the main aerospace company, to form a cars-and-defence conglomerate not dissimilar from British Aerospace/Rover in the UK, General Motors/Hughes Aircraft in the US, or Saab-Scania in Sweden. It already embraces Dornier in aerospace, AEG in electronics and the MTU engine company. Through MBB it will also have a key interest in Krauss-Maffei, the tank maker.

A subsequent stage, this time of cross-border links, is beginning to take shape. First signs include the French Matra group's proposals for cross-shareholdings with GEC and Daimler-Benz in aerospace and defence subsidiaries. Other examples are the Anglo-French alliances on missile systems – BAe with France's state-owned Thomson-CSF, GEC-Marconi with Electronique Serge Dassault. There are a wide range of contacts between the main UK, French, West German and Italian companies.

Electronics now has prime place in the weaponry game: you only have to step inside the operations room of a modern warship to appreciate to what extent. The windows on the world outside are not portholes but screens: air and surface radars, sonars, thermal imagers, laser rangefinders.

In some areas, the electronics sector gains from a cost-cutting environment, because it is able to make available arms more effective. Moreover, technological advances are constantly creating their own needs: detection and avoiding detection; guiding and deflecting weapons; jamming and counter-jamming signals.

The "platforms" – a ship or a tank or a fighter, for instance – last about 20 years. The cycle of replacement is much faster for the systems they carry.

Of all European companies in the field Thomson-CSF has the broadest range. British rivals have long envied the French group its government support and ability to plan ahead in the safe expectation of future orders.

But Mr Alain Gomez, the Thomson group chairman, argues that home market strength has become "less and less relevant" in the 1980s. Europe's national markets, he says, are too small for the requirements of the business, and its industrial structures are ill-adapted to evolving conditions – above all, the increased funding needed for research and development. Today's weapons are integrated systems; the cost shoots up between generations; and the proportion taken up by R&D increases.

The competition in defence technology is with US groups which operate in a market 20 times the size of the biggest in Europe and enjoy heavy R&D support.

Despite its reputation abroad as a state-protected manufacturer, Thomson obtains only 35 per cent of its R&D spending from the French Government, according to Mr Gomez, whereas the proportion in the US is often 80 per cent.

US defence electronics companies have been given a big stimulus by the multi-billion dollar funds earmarked for investigating the feasibility of an anti-missile shield, under the Strategic Defence Initiative programme.

The US dwarfs Europe's capability in numerous fields such as air-to-air missile systems. There is more parity in military communications and in some areas of technology for radar and other sensors. But any advantages that European companies can claim are diminished by their US competitors' greater rapidity in passing from prototype to production.

They are also becoming increasingly worried about the Japanese. Despite the limits on Japan's arms activities, it is seen as having the technological basis for an export drive in sectors such as military communications and weapons guidance systems.

Some European companies concluded early on that their survival against such rivals lay in controlling and developing their own semiconductor technology. Thomson-CSF put its semiconductor business together with Italy's SGS, in a venture which has now added the UK's Inmos; and Plessey took over Ferranti's microelectronics division. Plessey argues that UK capability will be in jeopardy if GEC's takeover plan goes ahead.

Mr Peter Bates, a former head of Plessey Radar, now at General Technology Systems (GTS), an Uxbridge-based consultancy, believes that component suppliers, who have been progressively enhancing the capability of the chips they make for defence needs, will soon start moving into the provision of whole systems.

It used to be the received wisdom that defence produced innovations for other areas, in the way that research in devices such as proximity fuses in the Second World War pointed the way for civilian micro-electronics. A reverse process has now taken over, however, with advanced semiconductors and image treatment technology from the consumer electronics field being applied to armaments.

Many of Europe's major companies envisage big changes, either in corporate alliances or in mergers and takeovers

In the re-organisation stakes, the UK has become the main focus of speculation. Its powerful military electronics industry, in some areas at the leading edge in world terms, is the most fragmented in Europe, with more large, medium-size and small companies involved than anywhere else. Beneath the top tier of major suppliers (GEC, Plessey, BAe, Ferranti, Racal, Thorn-EMI) comes a range of others such as Dowty and Smiths Industries with strong positions in key sectors, and beneath that a wide array of niche suppliers.

In a nebulous sector, which overlaps with civilian activities such as air traffic control systems, and which is frequently dominated by companies which do most of their business in other fields, GEC's Marconi is the only non-US company apart from Thomson-CSF in the world's top eight, according to figures compiled by the French group.

Other UK defence sectors such as helicopters, tanks and aero-engines were eventually boiled down to one company in each. But the Ministry of Defence is adamant about keeping its choices open in electronics. And this is one sector where the opening of European markets after 1992 provides no immediate guarantee that competition between companies of different nationalities will come into full play.

In theory, defence is one of the areas of public procurement that Brussels wants opened up. European members of Nato have already taken tentative steps towards swapping defence equipment, at Britain's instigation, but this will initially be small-scale stuff. National sensitivities are stronger in the defence area than anywhere, and Europe would still seem to be a long way from free trade in such key items as radars or sonar systems.

For Sir Peter Levene, the UK's chief of defence procurement, the way of breaking the pattern lies in the evolution of trans-frontier European industrial groups that could compete against each other in different nations. This would be a significant step further than the ad hoc teaming arrangements that have been Europe's response so far in projects such as the European Fighter Aircraft or the Trigat anti-tank weapon.

Some industry leaders like Sir Derek Alun-Jones, Ferranti's executive chairman – whose company is now fighting for its future in the aircraft radar business in its bid to equip the Eurofighter in preference to an adapted US Hughes radar – openly advocate the idea of more permanent European groups.

So far, however, such concentration as there has been has taken place along national lines. When GEC and Siemens put their initial proposal for Plessey, it did look as if an Anglo-German defence group was taking shape. But the MoD did not like the way Plessey was to be absorbed into the proposed GEC-Siemens structure. The revised bid – designed to overcome these objections by splitting Plessey's defence divisions between the two buyers instead of running them jointly – jettisons a large part of this trans-border concept. But the MoD remains concerned about the deal, especially those aspects related to naval electronics.

The revised bid would increase GEC-Marconi's lead among UK companies by adding 30 or 40 per cent to its naval and avionics interests and strengthening its US foothold. In avionics, GEC and Plessey together would vie for top European place with the joint venture being mounted between Thomson-CSF and its fellow French company Aérospatiale.

What appears to be happening is that Europe's defence companies, at least so far, are reorganising along national lines, against their own better judgment. National "champions" in electronics have made stands before, in telecommunications and computers, with the idea that a captive home market could provide a base for tackling the world market. In defence, they may take longer to change. Mr Bates at GTS argues, however, that the national path is not a viable option; the investment needs are too big, and by producing too many competing systems Europe risks breaking its own capability.

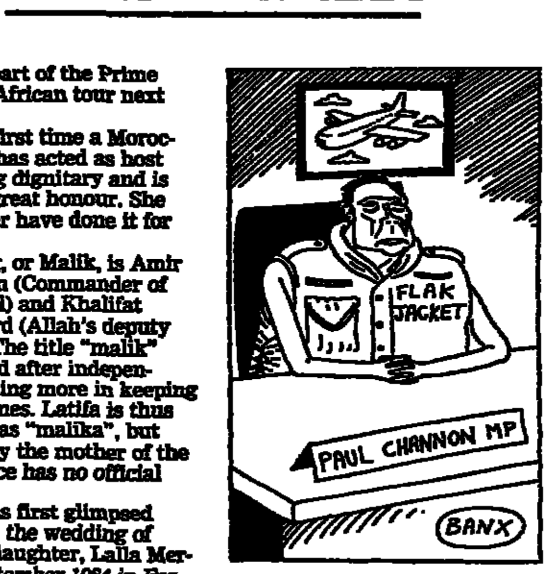
Some companies that *have* successfully straddled European borders – such as the merged Franco-British software and systems house Sema-CAP, which has strong defence interests on both sides of the Channel – have run up against an officialdom anxious to keep national fences around sensitive technology.

In order to widen their base, European companies have been eyeing acquisitions in the US as a way of entry into that that market. Plessey, Smiths Industries, and most recently Lucas Industries with its takeover of Zeta Laboratories, an advanced electronics company, are among those that have trodden this path. But foreign companies face a protectionist climate in the US military sector. "You will always be an outsider," commented one managing director. Thomson's Mr Gomez, whose company made the largest foreign defence sale to the US with its Rita battlefield radio system, is still very chary about the opportunities.

A recent study by international management consultants H.B. Maynard of defence acquisitions in the two years to last April shows 20 takeovers in the US by British companies and four by French companies. But more than half of all the acquisitions traced – 100 in total – were by US and UK companies in their respective home territories. The list of 100 acquisitions involved target companies that either had military sales of $100m-plus a year or were predominantly in defence. Most were in electronics sectors, and concentration was further advanced in the US than elsewhere.

Significantly, only two of the acquisitions in that period were by European companies across frontiers in Europe.

OBSERVER



The other Kingfisher

■ Tom Kay, chairman of Kingfisher Group, admits he is an unlikely candidate for David in a David and Goliath match. He is six feet tall and confesses to being built like a rugby number 8. His argument is with Woolworth Holdings, which yesterday won shareholders' approval to change its name to Kingfisher. Kingfisher Group has annual turnover of £5m; Woolworth's exceeds £2bn.

Kay claims that there will be confusion between the two companies. Ever since Woolworth announced its planned name change, clients have been ringing up asking if his own firm has been taken over by the retailing giant.

Worse, he had been planning to come to the stock market in three years' time, and has been advised he will not be able to float under the Kingfisher Group name if there is already a quoted Kingfisher. He has spent £2m promoting and otherwise fixing the name in clients' minds since he chose it and registered it two years ago.

Kingfisher Group has three main activities: telemarketing, publishing and exhibitions, with the main theme recruitment of staff, particularly in sales and marketing, computers and accountancy. One of the clients is Woolworth.

Kay believes he has a strong case to stop Woolworth using the Kingfisher name, and a good claim for damages. Woolworth argues equally strenuously that Kingfisher Group does not have a leg to stand on. It is the sort of argument that keeps lawyers in Porsches.

Woman to woman

■ The Queen of King Hassan of Morocco, whose name is Latifa, will be hosting a lunch for Margaret Thatcher in Marrakesh as part of the Prime Minister's African tour next week.

It is the first time a Moroccan queen has acted as host to a visiting dignitary and is a mark of great honour. She would never have done it for a man.

The King, or Malik, is Amir al' Muminin (Commander of the Faithful) and Khalifat Allah Fi'lard (Allah's deputy on earth). The title "malik" was adopted after independence as being more in keeping with the times. Latifa is thus referred to as "malika", but traditionally the mother of the crown prince has no official title.

Latifa was first glimpsed in public at the wedding of her eldest daughter, Lalla Meriem, in September 1984 in Fez. She was fleetingly seen on television, the first time in history the Moroccans had seen their Queen.

Lalla Meriem married Fouad Filali, the son of the Minister of Foreign Affairs, Abdellatif Filali. Fouad is the chief executive of the Omnium Nord Africain, Morocco's leading private sector company which manages some of King Hassan's interests. The King's second daughter, Lalla Asma, also married a businessman, Ben Chentouf, in June 1987.

Any marriage in the kingdom which involves men of important political, religious, regional or business standing has to have the royal imprimatur. Controlling the network of marriages is one of the lesser known ways in which King Hassan manages Morocco.

Next at Glaxo

■ Sir Paul Girolami, the chairman of Glaxo, Britain's biggest pharmaceutical company, recently turned 63 and has been indicating he would like soon have more time away from Glaxo's affairs.

Girolami joined Glaxo in 1965 and over the past few years has presided over a startling rise in the company's fortunes. It is now the world's second biggest drugs group after the US's Merck.

The succession is not obvious. First in line is probably Bernard Taylor, the company's quietly spoken and highly efficient chief executive, who is 53. On the outside is Ernest Mario, head of the company's operations in the US, where it gains nearly half its annual sales of some £2bn. Mario is a year younger than Taylor and joined Glaxo in 1986 from Squibb, a rival US drugs company.

There is also John Burke, 44, a former Glaxo director who was being groomed for higher things at the company before he surprisingly left about a year ago to take a top job at Porton International, a promising UK biotechnology group.

Burke departed, some say, after a row with Girolami. But he turned up unexpectedly at Glaxo's recent annual general meeting. Despite his relative youth, he could still be a longish shot for the succession.

Pals at last

■ Chancellor Lawson was praised by an unexpected source yesterday: Sir Alan Walters, the Prime Minister's economics adviser. Walters told a conference that the Budget was a "splendid" and "appropriate" document for the current circumstances. It was also "politically brave", and the reform of National Insurance Contribution "wonderful" and "underrated". He did not think there would be a take off in inflation in the UK.

Vikki's Fund

■ Minorco looks to be getting away with it. It has bid £10,000 for the piece of specimen ore in the auction for the Vikki Harris Laser Fund. It has also said that it is willing to go higher if anyone intervenes, and will donate the £10,000 even it is finally outbid. Surely somebody should take Minorco up? After all, the holding company will not win its other bid – for Consolidated Gold Fields – without a fight. Bids close next Monday.

Meanwhile, Vikki has had her 15th birthday and is still fighting. The fund stood at £12,000 when we first wrote about it on March 6. It is now at £22,196.15, apart from the auction.

Real earnings

■ Best story at the annual dinner of certified accountants at the Guildhall on Wednesday was about the plumber who charged £100 for 20 minutes' work mending a tap. "I'd never get away with charging £300 an hour in my profession," said his accountant. "Neither could I," replied the plumber, "when I was an accountant."

POLITICS TODAY

View from the throne of plenty

By Joe Rogaly

The only danger facing Mrs Margaret Thatcher as she approaches her 10th anniversary in No 10 Downing Street on May 4 is that she could lose her sense of proportion.

From where she sits the first decade of her revolution might reasonably be seen as a mere half-way mark in her predestined term of office, Fate alone permitting. Under such circumstances it would be difficult for any human being to remember that he or she is fallible. The British Prime Minister has so far shown few signs of incipient delusions of grandeur beyond a recent distressing tendency to use the Royal "we" and a continued stubborn determination to push forward the frontiers of Thatcherism in spite of the reluctance of the relevant ministers and the clear unease of a majority of the public.

If Mrs Thatcher does eventually do something that the Conservative Party regards as impossibly over the top it will dethrone her

If she does eventually do something that the Conservative Party regards as impossibly over the top it will dethrone her. There are no constitutional obstacles of the kind that President Botha is exploiting in South Africa. Meanwhile, she is sitting pretty.

It is true that there are immediate problems to be tackled, and that the mid-term of the 1987-199? administration will be difficult. As one minister put it this week, "if you persist in trying ever more difficult jumps, eventually the hurdle becomes higher than the horse." Against that, the Prime Minister is certain that she still knows how to approach a difficult jump.

Take, for example, the National Health Service. When the White Paper on reform of the NHS was launched six weeks ago it seemed likely to be accepted as a sensible improvement to a tax-financed service that most people in Britain want to keep. The Prime Minister dispatched the Health Secretary, Mr Kenneth Clarke, and his junior, Mr David Mellor, to preach its virtues to the doctors, the nurses and the voters. This has clearly not worked. The British Medical Association is in a state of even greater outraged expostulation than is usual for a doctors' trade union. Polls indicate that the Labour Party has succeeded in spreading the suspicion that the proposals for autonomous management of NHS hospitals and group general practices are not as harmless as they may seem.

Is this fair? Messrs Clarke and Mellor, both non-Thatcherite Conservatives, are sincere believers in the continued existence of the NHS, but the Opposition has managed to conjure up the spectre of right-wing ideologues who see the White paper reforms as a cunning first step towards greater privatisation of health care. Mr Mellor, who is much slimmer since he went to Health, is, like Mr Clarke, a user of the NHS. The Prime Minister is not. Those right-wing ideologues, who write for think-tanks like the Centre for Policy Studies and the Adam Smith Institute, do get their reports into her in-tray and their words, on occasion, into her ear.

Yet the truth – for the moment at least – is probably no more dramatic than that the Government wants the political sting to be taken out of the NHS, at no further extra cost. This may be an impossible task. For a start, some of the White Paper proposals, notably *those concerning* the trading of medical services within the NHS and between it and the private sector, will be difficult to turn into satisfactory contracts. Mr Clarke's view is said to be that this is merely round two or three of a ten-round battle; the Prime Minister's that she expects her ministers to run their departments well, and to go out and sell her policies properly. The Health Secretary knows what he has to do.

He will also know if he fails, for the Britain's Chief Executive tends to signal such lapses by putting herself in charge of the selling effort. In the case of water privatisation such a failure has already been proclaimed. Mrs Thatcher will now speak, and, she believes, win the argument. That will convince the public that this most unpopular privatisation is both sensible and right. One of the prime sources of Mrs Thatcher's strengths as a politician is that she believes profoundly in her own ability to put a message across. To those of us who know something about the topic in question the contents do not always accord with the packaging, but that is of little moment. This is a Government for which good packaging is a supreme virtue.

There are other signs of mid-term turbulence. The lawyers may not take to the proposals to Thatcherise their practices. The electricity privatisation may yet need Chief of Sales Thatcher to come to the rescue. There may be another narrow shave like the salmonella-in-eggs scare. Tory interests

may have to be attended to, as with the routing of the Channel Tunnel rail link in Kent. Above all, the economy might not behave itself.

The Prime Minister need not worry. She knows how to handle the day-to-day rough stuff, and she can be serenely confident about the future. The principal reason emerged in this week's Budget. The Chancellor of the Exchequer, Mr Nigel Lawson, is piling up sufficient taxpayers' money to ensure that the Government will be able to spend however much of it is necessary to win the next election. He has done this at the correct political pace. The dramatic 1988 Budget, with its reduction of the top rate of income tax to 40 per cent, was planned immediately after the 1987 Budget was made, and before the 1987 general election. It was deliberately placed within the first year of the new administration to get it well bedded down. In theory, it should now be forgotten by any soft-Right voters who were shocked at its regressive tone. This year's cautious budget may have been dictated by the need to correct the over-stimulation of last year's, but there is also the fortunate coincidence that it adds to the Conservative Government's cash warchest.

Mr Lawson has been looking relaxed and happy this week. He has taken his reforms of pensions taxation as far as he believes it politically possible to go; anything else will have to await a successor. Unlike the Child Poverty Action Group, he believes that his reform of National Insurance is also complete; he has no wish to increase the upper earnings limit as a means of bringing NI into harmony with income tax. Apart from one other possible tax reform about which is he keeping mum, he has no others in mind. On the reform side, you could say his work is done.

He would like to rewrite the rules by which the Retail Price Index is calculated, to take out mortgage interest, but that must wait until the present upsurge in inflation is over. (If only tobacco prices were not in the index he might have put up excise duty; the Prime Minister, who argues that people do not have to smoke, could well approve of taking cigarettes out of the RPI.) What Mr Lawson is temperamentally against is using the growing Budget surplus to increase public expenditure as a share of gross domestic product. He regards the maintenance of this symbolic ratio on a downward-sloping curve as an essential ingredient of fiscal discipline. The papers accompanying the Budget suggest a gentler decline in the future.

You might argue that this is Labour's chance. For many years polls have shown that people would prefer more public spending to further tax reductions. A lot of people are now saying that education, training, health and transport are being starved of government money; Mr Lawson has given way only on the latter. What if the Labour Party under Mr Neil Kinnock succeeds in winning support from the centre parties and campaigns on a platform of "investing in Britain"? Would the Tories not then be threatened?

The answer, of course, is – only if they are very stupid.There is enough in the kitty to reduce the standard rate of income tax to 20 per cent *and* throw in a billion here, a billion there, on public "infrastructure." If in 1990-91 the Kinnock threat looks serious, they will do it.

Meanwhile, most politicians now think that Mr Lawson will stay Chancellor for as long as it takes to restore his previously exalted reputation. Whenever there is a consensus of this kind it is prudent to doubt it. I am therefore making no forecast. Leave forecasts to the Chancellor, and leave sackings to the Prime Minister. If, however, he does stay on, the logjam at the top will be harder to clear. The Treasury is one of Britain's three great ministries; the other two are the Home and Foreign offices. Mr Douglas Hurd has been at the Home Office since September 1985. He might make a good Foreign Secretary, but since that is the other office from which stale blood would have to go, he would have to be placed elsewhere if there was to be a real sweep-out. One suggestion might be Leader of the House of Commons.

That would leave Sir Geoffrey Howe to be encouraged to take an earldom, leaving two juicy top vacancies. I should repeat that all this is mere speculation: when the Prime Minister decides on, say, a mid-term clear-out and reshuffle, she will consult perhaps fewer than half-a-dozen close colleagues. We will then see how far the tea-room guesses have been right. A charming tea-room guess this week was Mr Cecil Parkinson for the Foreign Office, where his interest in trade would come in useful. My opinion is that he has to sell his electricity bill first. As to the rest, throw the cards in the air and see for yourself where they fall.

LOMBARD

Half-truths about Japan

By Simon Holberton

IT HAS become one of the truths, largely unquestioned, that Japan should assume a larger role in international affairs commensurate with its economic might. But letting Japan assume its rightful role often means crimping our own and, like most good intentions, it is honoured more in the breech than the observance.

This gap between intentions and actions has its foundation in history and culture but derives primarily from Japan being the first country to challenge the pre-eminence of the Western economies that has not grown out of the Judeo-Christian tradition.

The whole range of associations and tacitly shared assumptions which inform contacts between the peoples of Europe and America is absent in our relations with Japan. To many people, the Japan of today is still largely the *"upside down" land that European* visitors in earlier times found it to be.

For their own part, the Japanese are saddled with the intellectual baggage of former times as well. Their economic development was conducted with more than one eye on Europe and the US and was conditioned by the painful sense of inferiority which that sophisticated, highly civilised yet profoundly isolated country felt. This combination of factors led it to imperial aggrandisement and, eventually, war.

This overpowering need to catch-up with the West and earn its respect was not dinted by defeat and was, and still is, the motive force that has propelled Japan towards its status today of economic super-power. It is too glib to talk of Japan attaining the goals it first sought through aggression. It devalues the collective effort of the Japanese since 1945, and offers the West a too easy escape from facing our own failings squarely.

It also misunderstands history, because as with the US-inspired reconstruction of Europe, the rebuilding of Japan was motivated by political needs and idealism in equal measure.

The Japanese have shown that by hard work and study they can understand us. When the Japanese come to Europe they do business in a European way, accepting the rules and regulations of business life as practiced here. It is difficult not to feel sympathy for the Japanese position that when foreigners come their country they too should adapt to the Japanese way of business. Perhaps it is about time that through the application of the same diligence we put the same effort into understanding the Japanese as they, to so much success, have done with us.

But misunderstanding, bordering at times on naked prejudice, prevails and, as Japanese economic power grows relative to the West, a discernible anger is creeping into much of the serious and not too serious press of both Britain and the US.

Recently the Wall Street Journal devoted considerable space to Japan and found it to be a one-dimensional state, materially rich but politically and militarily weak. It underlined fears prevalent in many parts of the West that the Japanese could end up owning us. In Britain, readers have been assaulted by the tabloid press reaction first to the impending death of Hirohito and then the visit of Prince Philip at his funeral.

The catalogue of half-truths this coverage purveys often tells the reader more about America and its growing sense of impotence than it does about Japan, or, in the British context, that hate is easier to sell than achievement. But the sub-text is depressingly the same: we would like to see the Japanese fail and to get their comeuppance.

The Japanese will not go away and they will probably not fail. They have to be faced and argued with and above all taken seriously. It is one of the errors of Western policy towards Japan, the consequence of which we live with today, that it took us so long to do this. Had the pressure for Japan to open its markets been as great in the 1970s as it has been in the 1980s things might have been different.

LETTERS

Industry and education

From Mr Gareth Trevor.

Sir, I read with interest Mr Palfrey's letter (March 9) calling on industry to "bring direct pressure on the universities to improve British education."

While I recognise the truth of much that was said, there are two points which I think deserve comment.

First, there is some evidence to suggest that if reform in education is to be achieved successfully, it will come as a result of pressure from consumers, not necessarily as a result of pressure on producers.

By changing the demands and expectations of children at school, through the provision of a curriculum more closely attuned to the needs of industry, pressure for reform at university level will be generated. It is this bottom-up pressure which is likely to be more successful than pressure from the top-down on universities.

Second, industry is playing a major part in curriculum reform. The Government itself is extensively promoting the involvement of industry in the reform of the curriculum.

For example, further education colleges and local education authorities must indicate in their development plans the level of consultation with industry and the direct relevance of the curriculum in local employment issues.

Individual companies are themselves playing a part in curriculum reform. ICL and its parent company STC for one have already made a start. In partnership with national curriculum council and the Berkshire local education authority, STC is sponsoring a pilot project for the development of information technology and economic awareness in schools.

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From Professor Michael Ellman.

Sir, Michael Prowse was very sensible in suggesting a baccalaureate for Britain (March 2).

He seems unaware, however, that besides the International baccalaureate there also exists the European baccalaureate. The latter is the school leaving certificate of the European schools, of which there are nine in the EC, including one in the UK (at Culham near Oxford).

The European baccalaureate is a very tough test which provides the children who take it with an excellent all-round education.

To pass the European baccalaureate it is necessary to do course work and pass exams in English, either French or German, history and geography (both taught in either French or German), maths, biology and philosophy.

In addition to these compulsory subjects, there is a wide range of options, such as physics, chemistry, biology, extra maths, information science, additional EC languages, advanced English, advanced philosophy, economics and sociology. Pupils are free to take those options which interest them.

This system means, for example, that pupils concentrating on scientific subjects must take English and a foreign language until the end of their schooling, thus reducing the problem of illiterate scientists and engineers.

Similarly, pupils who concentrate on languages must also take maths and biology until the end of their schooling, thus reducing the problem of the innumerate arts graduates.

Although not perfect, the European baccalaureate eliminates the problem of premature specialisation, which is the curse of the UK A-level system. The European baccalaureate is accepted as a university entrance requirement in all EC countries. This is very handy for internationally mobile families and students.

It is to be hoped that employers recognise (as is already done by universities throughout the EC) the quality of the young people who have acquired the European baccalaureate. The widespread introduction of the European baccalaureate into UK schools would be very desirable, but unfortunately this seems most unlikely given the conservatism of the UK educational establishment.

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Better the NHS you know

From Professor Jack Wiseman.

Sir, I found myself very much in sympathy with your editorial of March 14 ("The doctors disapprove"). Good luck to the British Medical Association.

I have been advocating reform of the delivery of health care to make it more responsive to consumer/patient demand and to the need for economy in resource-use for some 30 years. There are many like me.

But there are difficult problems to be resolved, and there is ample evidence that naïve partial supply-control solutions are likely simply to make matters worse, and efficient reform more difficult.

It saddens such would-be reformers to have to conclude that it would probably be better to leave the NHS completely alone rather than to proceed with the dogs' breakfast of measures now being proposed.

Jack Wiseman,
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In the interests of EC consumers

From Mr Sebastian Farr.

Sir, Messrs Bronckers, Hoogakker and Quick made a very valid point in their letter concerning the interests of consumers in anti-dumping proceedings (March 14).

Under the new anti-dumping regulation (Regulation 2423/88) dumping duties may only be imposed in circumstances where "the interests of the Community call for intervention to prevent injury being caused." What constitutes the interests of the Community is not defined in the regulation. However, in the European Commission's Guide to the European Community's Anti-Dumping and Countervailing Legislation it is stated:

"Community interests may cover a wide range of factors but the most important are the interests of consumers and processors of the imported product and the need to have regard to the competitive situation within the Community market".

Despite this definition, in my experience the Commission equates "Community interests" with the interests of the complainant industry, instead of considering those of the consumers.

Indeed, it seems that the Commission will deem the "Community interests" requirement to be satisfied almost as a matter of course. There appears to be only one case in which Community interest has been the sole ground for not taking protective measures.

Until those items which constitute the "interests of the Community" are decided on, and enumerated in the dumping regulation, insufficient *weight will continue to be* attached to consumer interests, and consumers will continue to bear a tax on dumped products.

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The world's rain forest in Brazil

From Mr David Sussman.

Sir, It is clear from Ivo Dawnay's articles (February 25, *March 8) and the recent Environmental Conference* that the Brazilians are overtly sensitive about the increasing pressure from environmentalists to protect the ecology and indigenous population of the rain forests.

Comments by World Bank personnel responsible for previous development loans to Brazil and by experts from the National Geographical Society have confirmed that previous assurances to protect the environment from the Brazilian authorities have not been kept.

It is encouraging that pressure is now being put on by the international banking *authorities through the World* Bank, to ensure stiffer terms for future loans. To assert that Brazilian Amazonia is the sole property of Brazil is unacceptable by any standards. Every effort must be made at the highest level internationally both to persuade the Brazilian government to improve its care of this natural treasure and to associate all international loans to that country more closely with this programme.

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FINANCIAL TIMES
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Party keeps grip on Uzbekistan

James Blitz follows the Soviet election trail to Tashkent

AS YOU come out of the Koroly mosque in the middle of Tashkent you are looking up at a colossal face. Across the street is a portrait, 20ft square, with a golden background. *It is Lenin.*

In the streets, pictures of the founder of the Soviet state far outnumber the mosques. This surprises visitors from Moscow where the new era of openness has led to the disappearance of many of the Communist Party portraits and placards that once adorned the capital.

But in Tashkent the Party needs to make its presence felt. Uzbekistan is among the most remote republics from the Kremlin, in terms of distance and culture. It has a huge Moslem population, for whom Uzbek is a first language and Russian second, and the threat of an upsurge of nationalism to match that in Lithuania and Azerbaijan is always a possibility.

Here the Party must show a firm grip or it risks having no grip at all.

It is a surprise, therefore, to find that most of the republic's voters are being offered the chance to show their initiative and choose between at least two candidates in each constituency in next week's elections to the Congress of People's Deputies.

Some candidates are not Communists and most are not Russian. Of the 145 people running for 81 territorial and national territorial seats, 97 are Uzbeks and 31 from the other minority nationalities.

Moreover, some have declared a commitment to political reforms which can check the recent and well-publicised wave of corruption in Uzbekistan. The scandal, which centred on Mr Yuri Churbanov, the late President Brezhnev's son-in-law, claimed the careers of dozens of officials in the republic.

Among the reformers is Dr Timur Usmanov, who is not a party member and is standing

Soviet Elections

for a territorial constituency. His demands are as follows: "*The liquidation of the monopoly* of ministerial and higher powers, control by the Supreme Soviet over the KGB, regular referendums on major issues and a presidential election by popular vote." These are strong words for a member of the rank-and-file.

Another candidate, Mr V. Zolotukhin, announced his platform yesterday on the front page of the newspaper Tashkent Pravda. He calls for an end to special privileges for party and government workers. "Party leaders should have only what the voters have," he writes.

But these seem the sharpest voices in a campaign where most candidates agree with monotonous regularity on the issues to be addressed. As Mr Rustem Tell, local correspondent for Socialist Industry and a party member, says: "In Uzbekistan, we have none of the loud posturings that you hear in the Moscow elections. Here we come to a general agreement on the issues, after calm discussion."

In Tashkent, there are few Boris Yeltsins, the former Moscow party chief sacked for his over-enthusiastic espousal of perestroika. That may be because the Party went to some trouble to weed them out at the candidate selection stage. According to Mr Anwar Yusupov, a party member and an Uzbek journalist, the ballot for the candidate selections was fixed.

He stood for nomination as a candidate for a territorial constituency, along with 11 other people. Quite by chance, he says, the top three men in the selection committee just happened to be the top three in the local party. They picked two predetermined candidates, neither of whom was Mr Yusupov.

What probably counted against him was his sneaking similarity to Mr Yeltsin. "I would like to see a great deal more American-style political debate in the campaign," he says. He is clearly not cut out for Uzbek politics.

Instead, the chosen candidates sing a controlled monotone from which few deviate. For example, every candidate (and every taxi driver, it seems) wants the republic's huge output of cotton reduced. It is largely produced for consumption elsewhere in the Soviet Union, on the orders of Moscow. As one candidate puts it: "We have to convert Uzbekistan into an agrarian economy and stop simply supplying everyone with raw materials."

That view is ritually repeated everywhere. But the party has already cut cotton production by 5 per cent, so it is hardly a startling platform.

By contrast, Mr Yusupov, the candidate who did not make it, is tough. "Economic independence for the republic" is his line. "Instead of providing us with vegetables, the Russians send up sputniks," he shouts. "That's no good."

Another common theme among the candidates is the poll for more public use of the Uzbek language. While stressing the importance of Russian, they call for the wider teaching of Uzbek in schools.

But this seems another fudge. The Party has already set up a commission to investigate the greater use of Uzbek. And these claims are mild in comparison with previous ones: there are reports, for example, that last month 500 tractor workers went on strike in the capital. They demanded that Uzbek should replace Russian as the official language of the republican government. That would worry many officials on Lenin Square.

There have even been small meetings of students demanding independence for the republic. About 30 people have set up a group called the People's Front, making strong nationalist demands. The authorities tolerate the group, but there are no election candidates standing from it.

What makes this quiet and controlled campaign puzzling to an outsider is that Tashkent has a hot climate where the natural instinct of everyone is probably to shout at everyone else.

The local papers, for example, are not interested in debate or controversy. Take the Tashkent Evening New's front page *headline* this week: "Do You Know Your Candidate?"

Note the use of the singular noun. Readers got to know Ms Clara Rustamov, who is standing against two other people in seat number 596. But the paper avoids telling us about her competitors.

What we do know is that Ms Rustamov is an outstanding personality. Says one supporter: "She's the people's choice: a great worker, socially minded, experienced as a deputy in the October Soviet. She could help voters a lot with their problems."

But her opinions remain unknown and are largely irrelevant. And there are no posters around to consult which might reveal those opinions. With eight days to polling day, the enterprise with the task of printing every candidate's campaign poster in the Republic of Uzbekistan has failed to deliver a single one. But fear not. The local party will tell you what the issues are.

Pik Botha unable to cover up Pretoria's paralysis

By Michael Holman, Africa Editor, in London

MR GLENN BABB, South Africa's deputy director of foreign affairs, had just finished an eloquent outline of Pretoria's southern Africa strategy to an audience of MPs, businessmen and journalists invited to the London embassy earlier this week.

South Africa, he said, wanted nothing more than to live at peace with its neighbours, work together for regional co-operation and prosperity, and put its house in order.

"Who do you speak for, Mr Babb?" asked a sceptical questioner. "The Ministry of Foreign Affairs, the armed forces, P. W. Botha or F. W. de Klerk?"

No doubt Mrs Margaret Thatcher, Britain's Prime Minister, put the same question to Mr Pik Botha when she met South Africa's Foreign Minister for 90 minutes on Wednesday.

The long-standing divisions in South African policy-making are shown at their starkest in Mozambique. Mr Pik Botha would like to implement a non-aggression pact signed in 1984. Yet the pact is frequently breached by the military establishment, which continues to *support* the Mozambique rebel movement, as a senior US diplomat pointed out only last week.

The situation is further complicated by the leadership dispute now under way in the ranks of South Africa's ruling National Party.

Will President P. W. Botha, who hitherto has been the ultimate arbiter, succumb to pressure and surrender power to *F. W. de Klerk, the party's new* leader?

There is little likelihood that Mrs Thatcher got a definitive response from Mr Botha. But two broad themes emerged from the meeting, which was initiated by Downing Street. The first involves Mr Pik Botha's tactics and aspirations. The second revolves around Mrs Thatcher's forthcoming Africa visit.

The Foreign Minister's public performance on British television, where he renewed hopes in some quarters for Mr Nelson Mandela's release and portrayed Pretoria in a peace-making role in southern Africa, needs to be treated with some caution.

There is little doubt that Mr Pik Botha means it. As one Western diplomat observed yesterday: "Pik would like *things to happen, but he can*not get his government to follow."

The second theme is related, but from Mrs Thatcher's perspective. Britain will stand firm in its opposition to sanctions. The Angola-Namibia peace treaty is warmly welcomed. But she is deeply disappointed by Mr P. W. Botha's performance over the past 18 months.

*Mrs Thatcher takes a partic*ularly dim view of South Africa's failure to stop support to the rebels in Mozambique.

Shortly after Easter Mrs Thatcher will be facing some tough questions from President Robert Mugabe of Zimbabwe. Why has Pretoria not released Mr Mandela? Why does South Africa coninue to breach the non-aggression pact with Mozambique? And where are *the tangible benefits* of Britain's relationship with President Botha?

There are no easy answers. Meanwhile the openings for any British or Western initiative are limited. "Britain needs a lever to pull," says one diplomat. "It's not there. Pretoria has to take action, like releasing Mandela. But the leadership appears paralysed."

● Mrs Thatcher told the House of Commons yesterday that during her meeting with Mr Pik Botha she had reiterated the British Government's view that Pretoria should set him free because that would change the atmosphere to enable negotiations to take place between the Government and black leaders.

THE LEX COLUMN

More knots in the brewers' tie

For the brewing industry, the unexpected news that the European Commission is to *mount its own investigation* into the brewing tie must come as a last straw. It is hard not to see a connection with the impending report from the UK Monopolies Commission. If the MMC has in fact decided on sweeping reforms, they would be at odds with the block exemption which the Commission granted to the tied system in 1983. But that exemption is immediately put in doubt by the EC review, which is proceeding on the apparently logical grounds that the system could constitute a barrier to imported beer in the market of 1992.

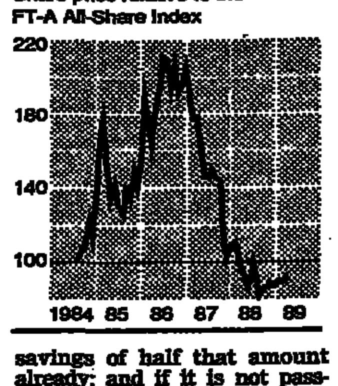
Even if there is no explicit connection with the MMC report, it starts to look as if the tied system's days are numbered. The immediate implications for the brewing sector are tricky to assess. In the long run the big brewers must gain, whether as producers or retailers. It is the short run which is the problem; most of the big brewers will want to get out of brewing, but that would take time. In the meantime, imagine the effect on industry profits if Bass, say, were to push its beer into Watney's pubs by selling it 20p cheaper, or vice versa. But then again, how perfectly splendid for the consumer while it lasts.

Jaguar

If Jaguar is to have a future, it urgently needs City friends. Yesterday's performance was carefully designed to secure a few, and although broadly successful, its methods were a little suspect. First, Jaguar has no business increasing its dividend when it is also cutting capital expenditure in recognition of disappearing profits and a negative cash flow. Second, the 51 per cent fall in earnings may have been a pleasant surprise, but that was mainly because Jaguar has finally learnt how to manage City analysts. And third, Sir John Egan's curious assertion that other car manufacturers are anxious to help Jaguar remain independent makes one wonder who is kidding whom.

However, the failure of any real bidders to emerge so far is encouraging, as are the company's admittedly vague contingency plans. Still better is the progress on cost cutting: the £50m savings which looked astronomical six months ago now appear merely ambitious. Jaguar has apparently found

Jaguar
Share price relative to the FT-A All-Share Index



savings of half that amount already; and if it is not passably efficient when the golden share expires at the end of next year, it will not be for lack of effort.

Unfortunately, so much good news can only be bad for the shares, and yesterday's 3p fall was modest in the circumstances. On the most generous assumptions about costs, the p/e is almost 30 for this year, and perhaps 20 for next. Anyone who regards Jaguar more as a recovery than a bid stock must have in mind a turn-around of spectacular proportions.

Markets

There are plenty of excuses for the current strength of the US dollar, but most of them do not ring true. West Germany'srecent refusal to raise interest rates may partlyexplain the weakness of the D-Mark, and it is said that the Japanese favour a stronger dollar in the run-up to the end of their financial year. However, the US economy now seems to be slowing down, and this is hardly good news for the dollar.

The real fear, for the equity markets at least, is that the recent surprising strength of the dollar could indicate that Fed policy is tighter than imagined; and today's US producer prices figures for February will be an important clue to whether this is justified. With oil prices at current levels, the Fed is probably right to be concerned about the dangers of allowing inflation to accelerate, even though this could cause some immediate economic pain.

The UK authorities are facing a similar dilemma. This week's retail sales figures apart, there is growing evidence that the UK economy is slowing. But yesterday's batch of labour market statistics were hardly encouraging, and the worry for the equity markets must be that the inflation and economic cycles are now out of kilter. The longer this persists, the greater the risks *for equities.*

Legal & General

Legal & General made it fairly clear yesterday that 1988 was among the best of all possible years in terms of the weather, the housing market and related growth in new life business. But if the first of those is only certain to be uncertain in 1989, the others are almost guaranteed to be less favourable. When it comes to nervous house-buyers, Legal & General is among the most exposed in the industry, with one third of its new annual premiums coming from endowment-linked mortgages last year.

But if the market has been getting steadily more worried about that vulnerability, it has found plenty to be sanguine about – enough to ensure the shares have outperformed the sector by 9 per cent over the past year. There seems little reason to reverse that judgement now. Only in 1989 will Legal & General feel the full benefits of tying up scores of agents in neat little bundles last year; and there are plenty of opportunities in pensions to take up some of the mortgage slack. And whatever GRE may think of the attractions of Continental insurers, Legal & General clearly prefers a market it knows better – though the American company it bought yesterday had been on the block for long enough to make one wonder why.

Thomson

Whereas Mr Murdoch and Mr Maxwell feel it necessary to rely on more than one vehicle apiece to maintain their heady ambitions in the global media business, the merger of the two businesses of the Canadian Thomson family makes considerably more sense to outside investors. By putting together the highly profitable but mature Thomson Newspapers with the faster growing International Thomson Organisation, Thomson will create a group with a market capitalisation of over $7bn, and a balance sheet which should be able to accomodate several $1bn acquisitions. There could be a certain amount of cultural friction, but Thomson's investment record to date is far more reassuring and predictable than either Mr Maxwell's or Mr Murdoch's.

Yugoslav PM pledges wide reform

By Aleksandar Lebl in Belgrade and **Judy Dempsey** in Ljubljana

MR ANTE MARKOVIC, the new Yugoslavian Prime Minister, yesterday acknowledged the depth of his country's economic problems with startling frankness, and gave one of the most sweeping commitments ever heard in Belgrade to radical, market-oriented reform.

He also named a cabinet which adeptly mixed Serbs, Croats and Slovenes, in a clear move to defuse the ethnic tensions which have fuelled the country's political crisis over the past year.

"Statically observed our situation seems hopeless, but dynamically observed there are ways out," he said. Yugoslavia faces an inflation rate of nearly 350 per cent, and living standards have plunged since the imposition of an austerity plan under International Monetary Fund (IMF) guidance last May.

The new Premier called for competition between state, co-operative and private enterprises, and said a prerequisite for this was the establishment of a capital market. This in turn, required sweeping changes in the role of commercial banks.

"It is necessary to deregulate all those areas which do not necessarily have to be state-regulated and have to do with the market of goods, capital and labour . . . Deregulation should be understood as a permanent process," he said.

Calling for a "single Yugoslav market", he said enterprises would able to assume greater responsibility and make independent business development decisions. Foreign as well as domestic capital had a vital role to play.

He promised to continue with high real interest rates, restrictive monetary policies, and the liberalisation of prices and imports.

Saudis to seek US approval for extra warplanes order

By David White, Defence Correspondent, in London

SAUDI ARABIA plans to seek US approval to buy another 38 top-of-the-range McDonnell Douglas F-15 Eagle combat aircraft, according to a senior Saudi official. The move would challenge current US restrictions on exports of these aircraft to Saudi Arabia.

The F-15s would be in addition to the 120 Anglo-West German-Italian Tornados ordered from the UK under the two-part Al Yamamah defence agreement negotiated since 1985.

The official said that the UK deal, which also involves two major air bases, trainer aircraft, helicopters, minehunters, naval shore facilities, training and support, could be worth as much as £35bn ($65.5bn) up to the turn of the century.

It was the impossibility of obtaining the advanced F-15E version of the US fighter that made Saudi Arabia turn to Britain in 1985, in order to obtain a powerful strike aircraft which could act as a deterrent.

The Royal Saudi Air Force bought 63 F-15s in earlier versions. The US Congress has placed a limit of 60 on the number that can be in Saudi Arabia at one time. However, supply of a further 12 has been approved as standby replacements. The F-15, which has a dual air-superiority and strike capability, has also been supplied to Israel.

Saudi Arabia has made clear that its preference would again be for the new F-15E strike aircraft. The official said that the impact of the UK deal in US defence circles had been "dramatic" and that political acceptance of a new deal, which would come up against pro-Israeli sentiments in Congress, was seen as "difficult but not impossible."

However, only informal contacts had been made so far with the Bush Administration because of the vacuum existing at the Pentagon while the appointment of the President's initial choice as Defence Secretary, Mr John Tower, was in the balance. Following last week's appointment of Congressman Dick Cheney to the post, the Saudis are expected to press their case formally.

If the US could or would not allow export of the two-seat F-15E, Saudi Arabia would seek more of its current F-15C single-seat fighters and F-15Ds.

Failing that, the likely options would be the McDonnell Douglas F/A-18 Hornet, which has already been sold to Kuwait, or the planned four-nation European Fighter Aircraft, being developed by Britain, West Germany, Italy and Spain and due to be ready after 1995.

Saudi Arabia has also been looking at the lighter General Dynamics F-16 Fighting Falcon.

The extra aircraft are wanted to replace ageing Northrop F-5 fighters. The official said that approval of its *request by the US would not* affect its requirement for ground-attack and air-defence Tornados.

He said Saudi Arabia was no longer interested in France's Dassault-Breguet Mirage 2000, which it was considering before it went for the Tornado package.

Ligachev backs Gorbachev

Continued from Page 1

on virgin land outside them, or in the place of collectives.

● Proposing that a semi-free market for farm produce should be the ultimate aim of the policy.

● The dismantling of at least some state farms and collectives where they are chronically inefficient.

At the same time, Mr Ligachev repeatedly insisted the reform did not mean that collective and state farms would be disbanded, and that the introduction of leasehold tenure would be voluntary.

Lockerbie letter was late

Continued from Page 1

received from the FAA itself.

The existence of the warning was *first disclosed by* a British newspaper on Thursday and confirmed by the Transport Department. Yesterday's developments prompted renewed demands for an independent public inquiry into the UK government's handling of the disaster.

Mr John Prescott, Transport spokesman for the main opposition Labour Party, accused Mr Paul Channon, the British Transport Secretary, of withholding information about the warnings in his Commons statements on the disaster. He charged Mr Channon and the department with "incompetence" in the handling of its warning and further alerts of possible sabotage received from the US Federal Aviation Administration.

Government ministers moved swiftly to Mr Channon's defence. They said that the Transport Secretary had been limited in the information he could give MPs by security considerations and the criminal investigation into the disaster.

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	21	70	Dubrovnik	F	15	59	Malta	S	16	61	Rhodes	S	17	63
Algiers	S	21	70	Edinburgh	C	3	37	Manchester	F	6	43	Rio de J'o	C	32	90
Amsterdam	R	7	45	Faro	S	18	64	Manila	C	32	90	Rome	S	16	61
Athens	S	17	63	Florence	S	17	63	Melbourne	C	17	63	Salzburg	F	15	59
Bahrain	S	21	70	Frankfurt	R	11	52	Mexico City	F	26	79	San Francisco	R	9	48
Bangkok	F	33	91	Funchal	F	18	64	Miami	S	22	72	Seoul	F	6	43
Barcelona	S	16	61	Geneva	C	12	54	Milan	D	9	48	Singapore		–	–
Beirut		–	–	Gibraltar	S	19	66	Montreal	F	-8	18	Stockholm	D	2	36
Belfast	F	6	43	Glasgow	F	5	41	Moscow	F	7	45	Strasbourg	C	13	55
Belgrade	S	17	63	Guernsey	R	9	48	Munich	R	12	54	Sydney	C	19	66
Berlin	F	8	46	Helsinki	R	1	34	Nairobi	C	27	81	Taipei	C	22	72
Biarritz	S	16	61	H. Kong	C	24	75	Naples	F	18	64	Tangier	F	17	63
Bombay	S	30	86	Innsbruck	F	15	59	Nassau	F	27	80	Tel Aviv	C	15	59
Bordeaux	C	14	57	Inverness	F	5	41	New Delhi	S	25	77	Tenerife	S	23	73
Brussels	C	9	48	Islamabad	F	27	80	New York	F	6	43	Tokyo	C	12	54
Budapest	S	13	55	Istanbul	S	12	54	Nice	F	15	59	Toronto	F	-5	23
B. Aires	F	29	84	Jakarta	R	32	90	Nicosia	F	17	63	Tunis	S	21	70
Cairo	F	20	68	Jersey	F	9	48	Oporto	F	14	57	Valencia	S	23	73
Cape Town		–	–	Jo'burg	S	25	77	Oslo	F	3	37	Venice	C	10	50
Caracas	F	27	81	Lima	F	24	75	Paris	F	13	55	Vienna	S	14	57
Casablanca	C	17	63	Lisbon	C	15	59	Peking	S	14	57	Warsaw	F	9	48
Chicago	C	-3	27	London	R	7	45	Prague	R	9	48	Washington	C	7	45
Cologne	R	8	46	Los Angeles	C	13	55	Reykjavik	F	-6	21	Zurich	R	8	46
Copenhagen	S	8	46	Luxembourg	C	10	50								
Corfu	S	16	61	Madrid	F	16	61								
Dallas	C	10	50	Majorca	F	18	64								
Dublin	F	7	45	Malaga	S	23	73								

Readings at mid-day yesterday

C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Banks back D-Mark

Continued from Page 1

US were abating. Figures for capacity utilisation, industrial production and housing permits gave signs of slower growth.

The central bank intervention was successful in forcing the dollar/D-Mark rate down about ½ a pfennig but analysts said it had not dulled the market's appetite for the dollar. They envisaged near-term strength for the US currency, moderated only by fears of further and more aggressive intervention. It closed in London at DM1.8715 against DM1.8725 on Wednesday.

The US currency was also strong against the Japanese yen, which has been undermined by the political uncertainty surrounding the Recruit bribery scandal in Japan. The yen closed in London at Y131.2 compared with Y130.6 previously.

Sterling remained well supported on foreign exchanges although the dollar was the market's key focus. In London, it closed at DM3.2150 against DM3.2175 previously and at $1.7180 compared with $1.7185.

Matra seeks new partners

Continued from Page 1

communications and transport equipment.

In the telecommunications sector, Matra established close ties with Ericsson of Sweden when the two companies took control of the former French state-owned CGCT telecommunications group after an epic contest against American Telephone and Telegraph two years ago.

FINANCIAL TIMES
COMPANIES & MARKETS
Friday March 17 1989

INSIDE

Showdown under the Florida sun

The Securities and Investment Board, Britain's chief investor protection watchdog, was hastily modifying its position in response to pressure from disgruntled London trading houses, when officials met for talks with the US Commodity Futures Trading Commission at the Futures Industry Association convention in Boca Raton, Florida, this week. At stake is a CFTC ruling concerning the regulation of foreign firms selling futures into the US market place. Page 28

Tin men breathe easy

Members of the London Metal Exchange Board breathed a collective sigh of relief yesterday after the High Court turned down a claim by two Shearson Lehman subsidiaries for damages over its handling of the tin market crisis in October 1987. But the Shearson companies won their case against fellow broker Maclaine Watson for breach of tin contracts. They claimed £74.5m but the amount of damages has still to be assessed. Page 38

Hazlewood expands in Holland

HAZLEWOOD

Hazlewood Foods, the fast-growing UK food manufacturing group, is purchasing three Dutch companies for a maximum consideration equivalent to £22.6m. The three companies being bought are Diepvries Monnickendam, a flat fish processor, Mieras Beheer, a cockle fishing and muscle processing business, and Advang Beheer-en Vastgoedmaatschappij, a frozen snacks producer. Page 36

Swedish equity rush slows

Swedish investors went scrambling for bargains in the other Nordic countries when the country's Central Bank lifted restrictions on buying foreign equities. Their enthusiasm helped to push the Oslo market to new post-crash highs while Helsinki reached an all-time peak. There are signs, however, that growth is slowing, writes Sara Webb. Page 54

Bank of Spain gets tough

Tough new measures are being taken by the supervisors of the Bank of Spain in an effort to brint domestic banks to heel following reports that major retail banks are selling their own bank shares to friendly clients and employees through strong discount incentives. An order due to appear in today's official state gazette will, in effect, make such practises prohibitive, reports Tom Burns. Page 24

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Continental	344.5	+	1
Feldmuehle	347	+	12.5
Falls			
Allianz	1750	−	29.1
Degussa	460	−	6
Mannesmann	227.5	−	4
VW	345.9	−	6.6

NEW YORK ($)

Rises			
Atlantic Rich.	92	+	⅝
TW Services	31⅞	+	2⅝
Falls			
Stone Grp.	21½	−	3⅞
Merck	65½	−	¼
Nashua	31	−	1½
Nat. Semicon.	8	−	⅛

New York prices as at 12.30pm.

PARIS (FFr)

Rises			
Banc Cie	18.1	+	2.8
CFF	929	+	529
Geophysiq	585	+	28
Falls			
Chargeurs	1376	−	72
Lebon	1385	−	41

TOKYO (Yen)

Rises			
Kawada Inds.	1200	+	140
Okumura	2150	+	280
Sato Construct.	1220	+	140
Falls			
Futaba	1219	−	90
Odakyu Estate	1030	−	70
Yokomo Mfg.	1550	−	120

LONDON (Pence)

Rises			
Arlington Sec.	212	+	17
BAA	347½	+	11½
Brit. Petrol.	293	+	6
Builder Grp.	185	+	11
Close Bros.	223	+	8
Conrad Hldgs.	125	+	9
Cons. Gold	1430	+	8
Costain Grp.	350	+	5
DRG	485	+	7
Enterprise Oil	599	+	10
Glaxo	1324	+	23
LASMO	482	+	10
Quotient	117	+	12
Ward White	279	+	7
Woolworth	281	+	8
Falls			
Brit. Telecom	284	−	6
Dawson Intl.	214	−	8
GEC	243	−	6
Guinness	430	−	11
Interlink Exp.	278	−	5
Kleinwort Ben.	322	−	9
P & O Dfd.	705	−	10
Plessey	258	−	9
Whitbread	359	−	8

GRE in $92m deal with Italian bank

By Alan Friedman in Rome and Nick Bunker in London

ISTITUTO San Paolo di Torino, one of Italy's leading banks, is to join forces with Guardian Royal Exchange (GRE), the UK composite insurer, to buy three Italian insurance companies and manage them jointly.

The plan, to be announced formally next week, is likely to involve payment of around L125bn ($92m) for Polaris Vita, Sipea and Cidas, three Rome-based insurers which together have nearly L200bn of annual premiums.

The insurers are being sold by Acqua Marcia, an Italian financial and construction holding company.

News of the move comes just a day after it emerged that the Turin-based bank is set to spend around L1,000bn to acquire up to 50 per cent of Crediop, a cash-rich corporate finance and investment banking concern.

Both the planned ventures reflect the aggressive leadership of Professor Gianni Zandano, chairman of San Paolo group. The insurance move is significant because:

● It will represent the first time a large Italian bank has decided to buy into insurance. Until now, other banks such as Banca Commerciale Italiana or Banca Nazionale del Lavoro have either agreed to market insurance products or to set up in-house insurers.

● It will represent one of the first significant moves by a UK insurer into the rapidly growing Italian insurance market, which has also been targetted for expansion by such powerful insurers as West Germany's Allianz and the Swiss Re.

Hitherto GRE's only Italian presence has been a very small non-life insurance agent.

The plan, together with the Crediop link, would strengthen San Paolo as a diversified institution with activities far beyond straight commercial banking. In London yesterday, embarrassed GRE officials would only confirm that talks were taking place with San Paolo, and that a formal announcement could be on the way.

However according to Italians close to the deal, San Paolo and GRE were brought together by Hambros, the UK merchant bank in which each own a 9 per cent equity stake and which has started joint ventures with San Paolo. Mr Charles Hambros, chairman of Hambros, also chairs GRE.

The plan would see San Paolo controlling 51 per cent of Polaris Vita, the life company, and GRE the remaining 49 per cent.

GRE would end up owning 51 per cent of Sipea and Cidas, the accident and auto insurers, with the balance held by San Paolo.

San Paolo and GRE plan to rename the insurance companies under their own corporate logos. They are expected to market a variety of insurance products, some developed by GRE, by means of a nationwide distribution network.

Aside from 519 agencies acquired with the insurers, San Paolo will sell via its 750 bank branches and its network of 1,000 San Paolo Invest financial services sales offices.

Legal & General buys US insurer

By Nick Bunker in London

LEGAL & GENERAL Group, the UK insurer, is making its second push into the US life market in eight years by purchasing a New York insurance company, William Penn, from Continental Corporation, the US property/casualty insurer, for about $80m (£47m).

Continental's life insurance business in the US has been for sale since mid-1987, reflecting a long-running divestment programme and a trend for large diversified US insurers to sell peripheral units and refocus on core operations.

Long Island-based Penn sells interest rate-sensitive life policies to older, middle to upper income people, mainly in New York State and Florida.

L&G claimed Penn had "a dominant share" of this market in New York, with 1988 new annual premium sales of $43m and new single premiums of $81m.

The move will beef up Legal & General's presence in the US market where its small existing subsidiary, Maryland-based Banner Life, has not been dramatically successful since L&G bought it for $140m in 1981.

L&G's pre-tax life profits from the US dropped from £13m in 1984 to £5.4m in 1987, before recovering to £6.2m last year.

In 1987, though, Banner took over a block of business from Massachusetts-based Monarch Life, to produce economies of scale.

L&G had been dropping hints for some time before yesterday's announcement that it was contemplating an acquisition to complement Banner.

Mr Joe Palmer, Legal & General's chief executive, said Penn would give L&G "a more efficient and meaningful presence in the US".

City analysts noted the apparently low price at which Penn is changing hands, perhaps reflecting the fact that many small to medium-sized US life insurers are up for sale.

Penn has a net worth of $70m, with current after-tax earnings of $8m.

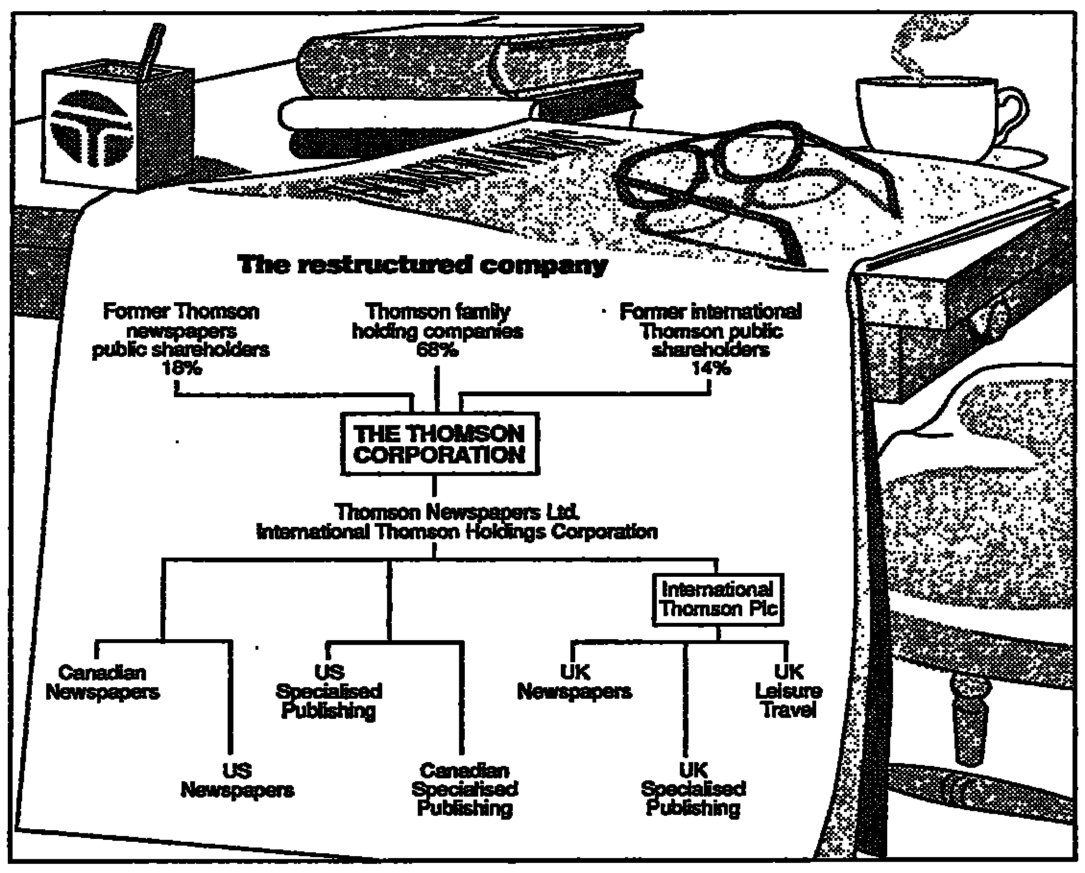
After allowing for $3m of expected proceeds for L&G from a proposed sale of a portfolio of annuities, the British group is paying only 1.1 times net assets.

Also yesterday, Legal and General announced pre-tax profits for 1988 up 94 per cent at £132.5m, following strong recovery in UK non-life insurance from 1987's weather-related losses. L&G's shares closed up 1p at 350p last night.

Lex, Page 22, Details, Page 30

When fatter means fitter

David Owen on restructuring of the Thomson media empire



"There has been a tendency to consolidate businesses in the publishing and information industry. If we are going to expand the company by acquisition, we have to face the likelihood that future acquisitions in general publishing and newspapers are going to be larger and larger."

With these words did Kenneth, the second Lord Thomson of Fleet, explain the rationale behind the proposed merger of Thomson Newspapers and the International Thomson Organisation, unveiled this week.

With a high-profile horde of acquisitive media barons inflating the multiples of potential target companies and the ink scarcely dry on the much-vaunted Time-Warner alliance, few would disagree with the innately courteous Lord Thomson's prognostication. In such circumstances, size counts in terms of financing capacity and much else besides. "With the two companies together, I cannot conceive of any publishing organisation anywhere. . . being out of reach financially," Lord Thomson says.

The proposed merger, which is subject to approval by a majority of shareholders excluding the controlling Thomson family holding companies, will create an entity – The Thomson Corporation – with annual sales (based on 1988 figures) of $4.73 bn. This would put it immediately behind Capital Cities Corporation of New York in an international league table of publishing and media conglomerates, ranking about forth or fifth. About $2bn of the Thomson group's revenues would accrue from UK leisure travel, however.

Though the terms under which the transaction will take place have yet to be finalised, the Thomson family expects to end up with about 68 per cent of the merged corporation. The family, which is noted for its careful husbanding of resources despite being one of Canada's very wealthiest, also owns 74 per cent of Hudson's Bay, the venerable but troubled department store chain.

It was only in 1979 that ITO began the far-sighted push into North American information and publishing which have made it and its North American newspaper-oriented sister company such logical merger partners. As recently as 1982, fully three-quarters of ITO's operating profits were derived from North Sea oil.

By 1988, partly due to the decision to sell the group's North Sea holdings to LASMO in the wake of last July's Piper Alpha disaster, information and publishing contributed 81.5 per cent of earnings from continuing operations. "When we proposed to sell the oil and gas assets last year, we thought that this would be a good time to combine the two companies," Lord Thomson recalls.

In a sense, this evolution has constituted a return to an area close to Thomson's roots. The family's fortune traces its origins to 1931 when Kenneth's father, Roy Thomson – later the first Lord Thomson of Fleet – bought a tiny newspaper and a radio station in Northern Ontario. Over time, these holdings blossomed into a newspaper empire that once included the Times of London itself. The sortie into oil came in 1971 on the advice, allegedly, of the late John Paul Getty.

In the publishing area, the Thomson Corporation will preside over a stable of over 300 newspapers in North America and the UK. Though the majority are small regionals and free sheets, they include The Globe & Mail, Canada's self-proclaimed national newspaper, and the Winnipeg Free Press.

The group's specialist publishing activities cover the full gamut of products from books, magazines and journals to electronic-based products and services and microfiche. ITO alone boasts 28,000 individual products. Among these are the authoritative Jane's series of defence publications and the widely-read American Banker. The group is already the world's largest publisher in the lucrative medical field.

Despite its continued readiness to expand by acquisition, ITO in particular is known for placing a concomitant emphasis on organic growth through new product development. With Mr Michael Brown, a trim Englishman from Cheshire and for four years ITO president, earmarked to perform the same function in The Thomson Corporation, this strategy is expected to continue. "For our executives and staff, the merger means business as usual," according to Lord Thomson.

With a $475m windfall from last month's energy sale on hand and a capacity, according to Mr Nigel Harrison ITO chief financial officer, to "feel comfortable" with debt of up to $3bn, further acquisitions are clearly to be anticipated, however. Likely targets include North American newspaper groups and further specialist publications

The group is especially keen on subscription publications containing essential commercial information that the employer pays for, and on educational text-books because of their typically long working-life. ITO's rapid growth in the sector in recent years has been motivated partly by an improvement in operating margins,

Lex, Page 22

Amsterdam financial centre plan

By Laura Raun in Amsterdam

AN AMBITIOUS plan to make Amsterdam the "financial gateway to continental Europe" was unveiled yesterday by a prominent panel of financial services executives.

The move reflects concern over the attractiveness of the Dutch capital markets. Mr Wim Duisenberg, president of the Dutch central bank and chairman of the panel, admitted that half of all business done in Dutch government bonds had been siphoned off by London.

That is twice the amount of several years ago and highlights the distinct threat to Amsterdam's role as the main market for guilder paper.

"We need fast, dynamic answers to developments in the financial world and these are found in our report," explained Mr Duisenberg.

Two broad strategies were outlined in the study, which was conducted by McKinsey, the consultancy.

One is to ensure a more level playing field in the markets and the other is to enhance Amsterdam's attractiveness as a place for financial institutions to set up shop.

Financial services are considered one of the Netherlands' trump cards in the unified Europe of the future because of a large domestic customer base, a strong economy and internationally oriented universal banks. The relatively small home market will be dramatically enlarged by the barrier-free Europe after 1992.

No mention, however, is made of what analysts say is the need for a more competitive spirit and creative management to help catch up in innovative financial products and services.

Nor is the country's lag in electronic banking and data processing acknowledged.

A foundation has been established to carry out the plan by July 1, 1990. Individual responsibility lies with the 17 members of the panel, which includes prominent bankers, financiers, bourse executives and government officials.

The Amsterdam bourse seized the moment yesterday to announce plans for a fixed settlement date for securities transactions to replace the present floating one – echoing one of the recommendations.

The study urges improvements in market mechanisms inside the Netherlands, in comparison with abroad.

A special task force will focus on the government bond market, including the introduction of a new information reporting system by July 1, 1990.

Another task force will consider whether the bourse's central trading floor should be adapted to allow direct dealing off the floor.

Jaguar slumps to £47.5m profit

By Michael Smith and Kevin Done in London

A THREE-MONTH pay dispute at Jaguar, the maker of luxury cars, ended yesterday after the workforce voted to abandon plans for industrial action and accept the company's offer.

Settlement of the dispute coincided with publication of the company's 1988 results showing pre-tax profits of £47.5m.

The figure, though only just more than half 1987's £97m profit, was slightly ahead of expectations.

In a high-turnout ballot of the 9,000-plus manual workers, 4,497 voted to accept the deal, which will mean rises of just under 5 per cent a year for the two years from last November, and 3,527 voted against.

The settlement, reached after four ballots since December, is at the lower end of deals agreed this year in British industry. Jaguar, however, has argued that the poor trading highlighted by yesterday's financial figures has prevented it making a higher offer.

Yesterday's vote will be greeted with relief by other employers involved in pay talks, especially those in the Midlands whose negotiations have traditionally been influenced by Jaguar settlements.

Jaguar workers' rejection earlier this month of a previous offer was thought to have been partly responsible for increased militancy on pay among 4,500 employees at Peugeot Talbot's Coventry plant.

Workers at Peugeot last week surprised management by voting to strike over a pay offer worth just under 16 per cent over two years. No action has yet been taken, and union leaders are due to meet the company early next week in an attempt to find a compromise.

The halving of Jaguar's profits last year resulted from heavy financial pressure because of the weak US dollar, lower sales volumes in the US and an inability to raise prices there.

The company has reduced its dependence on the US luxury car market, but US sales still accounted for 43 per cent of group turnover in 1988, compared with 55.4 per cent in 1987 and 65.5 per cent in 1986.

Shares in Jaguar fell 3p to 326p, partly because of the market's view that the better-than-expected 1988 performance reduces the chances of a hostile bid.

Lex, Page 23; Results, Page 30

Gold Fields contribution to Minorco drops 18%

By Clay Harris

MINORCO, the Luxembourg-based investment company, said yesterday that its hostile bid for Consolidated Gold Fields, the British natural resources group, had cost $17m up to December 31 1988.

The costs, however, had been deferred and were not reflected in the South African-controlled group's interim results, which showed a 2 per cent fall to $136.1m in earnings before extraordinary items in July-December 1988.

Minorco said that the figure for the comparable period had been inflated by an accounting change in the treatment of equity investments. Making allowance for this factor, Minorco said, earnings had increased by 32 per cent despite an 18 per cent fall in the contribution from its nearly 30 per cent stake in Gold Fields.

The contribution from Minorco's stake in Engelhard, the US industrial materials group, fell because of pricing pressures on petroleum catalysts. Western Gold Exploration and Mining reported a loss, reflecting the cost of an active exploration programme in North America.

Pre-tax earnings from operations rose by 84 per cent $83.5m.

Before expenses of $3.3m, the earnings represented dividend income of $41.5m and interest income of $45.3m. Tax took only $800,000, against $1m in 1987.

At $125.8m, earnings after extraordinary items were less than one fifth the $653.7m recorded in 1987, a period during which Minorco received the proceeds of its disposal of stakes in Salomon and Anglo American Investment Trust.

On earnings per share – before extraordinary items – of 80 cents, against 82 cents previously, the interim dividend is 14 cents a share, up from 10 cents.

Esselte lifts payout, sees gains

By Sara Webb in Stockholm

ESSELTE, the Swedish office automation and supplies group, reported an 11 per cent increase in 1988 profits (after financial items) to SKr922m ($144m) and said its results had been held in check by the weak market in Norway.

The board proposed raising the dividend from SKr4.5 to SKr5.25 a share and forecast a further 10 per cent increase in both profits and sales for 1989.

Group sales last year totalled SKr14.4bn, an increase of 7 per cent for comparable units. Recent acquisitions added about SKr2.1bn to annual sales, but the group has sold businesses, including its advertising printers in Gothenburg, with total sales of SKr1.1bn.

Esselte said that most of its business areas have increased their profits, and that its pay-TV operations are expected to show a profit for the first time in 1989 after being lumbered with heavy costs in the last three years.

The group suffered from weak demand for office supplies in Norway and its subsidiary there made a loss last year. The office filing equipment business in North America also showed lower profits due mainly to higher costs for raw materials such as paper.

Esselte's Business Systems subsidiary, in which it has a 79 per cent stake and which produces office supplies, ring-binders and Letraset, increased operating profits by 5 per cent to SKr927m while sales rose 8 per cent to SKr8.59bn.

The Information Systems division, which imports office equipment such as telefaxes, copiers and computers for distribution in the Nordic region, boosted operating profit by 41 per cent to SKr202m.

MoDo boosts operating profits

By Sara Webb in Stockholm

MODO, Sweden's pulp and paper group which a year ago took over its domestic rivals Holmen and Iggesund to become a large diversified forestry company, reported a 19 per cent increase in operating profit to SKr2.19bn ($342.2m)in 1988, helped by strong demand for pulp and other forestry products.

However, the group's profits before appropriations and taxes fell by 15 per cent to SKr1.46bn last year due to the cost of the merger which bumped up the company's interest payments. The three groups' combined profits before appropriations and taxes for 1987 had reached SKr1.72bn.

The board proposed a dividend of SKr10 a share, up from SKr8 in 1987.

The group said it expects profits to increase further this year as the strong demand for forestry products, especially pulp, continues.

Group sales totalled SKr19.53bn, up 13 per cent from the previous year. MoDo said strong demand for all branches of the forestry industry led to increases in profitability for most divisions.

However, some overcapacity for fine paper and cardboard had prevented the group from raising prices enough to compensate for the higher pulp prices despite strong demand for these products.

MoDo's pulp division increased its operating profit by 73 per cent from SKr585m to SKr1.01bn as demand surged and the group made full use of its production capacity. Division sales increased by 14 per cent to SKr5.147bn.

The newsprint operations acquired from Holmen, lifted profits 15 per cent to SKr800m while sales increased by 5 per cent to SKr4.38bn.

Swissair to pay more on record results

By John Wicks in Zurich

SWISSAIR, the Swiss flag carrier, plans to raise its dividend and make a one-for-ten rights issue after a 5.5 per cent rise in net profits for 1988 to a record SFr76.1m ($47.6m), up from SFr72.1m in 1987.

The company has also signed an agreement aimed at extending its co-operation with Delta Airlines, the US carrier. Mr Armin Baltensweiler, Swissair chairman, said the two airlines were not aiming for a merger, nor were there plans for Swissair and Delta to take out equity interests in one another. But Mr Ron Allen, Delta chairman, said this "might be considered down the road."

What Mr Baltensweiler called a "pragmatic and gradual" development is to include co-operation in the field of marketing, information, traffic and passenger handling, as well as in the technical and operational sector.

The two airlines already have a number of joint activities in marketing and handling operations. Mr Baltensweiler indicated that a study might be made at some later date on whether Austrian Airlines, in which Swissair has a minority stake, could join the link.

Mr Otto Loepfe, Swissair president, said that talks were also in progress with other airlines in connection with possible co-operation agreements and added this might include moves in the Far East.

At the April 27 annual general meeting, Swissair shareholders will be asked to approve a rise in the dividend from SFr36 to SFr38 a share and from SFr7.20 to SFr7.60 per dividend-right certificate.

Details of the rights issue will be released later.

Correction

Brokers in Japan

In the Japanese Financial Markets survey published on Monday, the table ranking foreign brokers omitted a basis of comparison. The table should have read: "Top 10 Foreign Brokers in Japan by TSE volume, fourth quarter 1988."

Bank of Spain bans discount shares

By Tom Burns in Madrid

SUPERVISORS at the Bank of Spain have taken severe measures to introduce discipline and transparency into the domestic banking sector in the wake of reports that retail banks are selling their shares to friendly clients and employees at heavy discounts.

An order due to appear in today's official state gazette will effectively prohibit such practices, which involve the sale of shares from portfolios managed by the banks. The order forces the institutions to cover loan-linked equity sales with provisions equivalent to 100 per cent of their value in the case of purchases by clients and of 35 per cent in the case of employees. Employees have been offered cheap financing to buy the shares.

In Madrid's financial circles, the measures were viewed as among the toughest taken by the Bank of Spain in its attempts to bring domestic banks to heel. They come while the sector is undergoing considerable upheaval: they follow the decision, taken at the end of last month by Banco Central and Banesto, Spain's two major retail banks, to call off their planned merger.

The move by the monetary authorities will affect Central and Banesto's balance sheets and will add to the troubles already caused to the two by the collapse of the merger, given that both were counting on generous tax-free capital gains had the merger gone ahead.

Following the merger's collapse, both banks had started selling stock to clients and staff and were reportedly offering loans at 8 per cent, or seven points below the inter-bank rate, to encourage buyers.

The discount shares sales was causing concern: one official said they represented "bread for today and hunger for tomorrow," as they were seen as making inroads on the capitalisation of the two banks.

Central has reportedly sold Pta35bn ($302m) worth of shares to its employees under this mechanism, and Banesto Pta40bn. According to the Bank of Spain's directive, it has been estimated that provisions by Central to cover such sales would total Pta12.2bn, and by Banesto, Pta14bn.

Neither bank has disclosed figures of these sales, nor are they willing to comment on the implications of the new measure.

Analysts in Madrid viewed the sales as a desperate attempt by the two banks to rid themselves of shares they had previously acquired in their respective enterprises to support their market value while they negotiated the merger.

Although Central and Banesto will be the major victims, the measures will affect the whole domestic banking sector. Most banks have used the device of soft loans to friends and staff to offload the shares that each institution held in its own business.

The measures may cause bank shares to fall in the coming weeks. A second consequence is that the banks will be less able to protect themselves against hostile intruders.

Victims of a share fall would include Cartera Central, a portfolio company linked to the Kuwait Investment Office (KIO). Cartera Central owns 13 per cent of Banco Central's stock and a further two per cent of Banesto's. The company was at the centre of the controversy surrounding the collapse of the talks on the merger.

KIO, which owns 48 per cent of Cartera Central, had reportedly wished to sell its holding in the wake of the frustrated merger. However, at a Cartera Central board meeting this week in Madrid, London representatives of KIO said it would remain a shareholder in Cartera Central.

UK newspaper celebrates huge earnings rise

By Raymond Snoddy in London

THE DAILY Telegraph, the British newspaper controlled by Canadian businessman Mr Conrad Black, has had its most profitable year, with a dramatic 50-fold increase in pre-tax profit from £580,000 ($1m) in 1987 to £29.1m last year.

Mr Andrew Knight, chief executive of the company which publishes the Daily Telegraph and the Sunday Telegraph, said yesterday: "We are now a serious company with decent profits."

Despite a circulation of around 1.2m, the Telegraph came close to collapse in 1985 before Mr Black took control.

Mr Knight said yesterday that the turnaround in profits had been achieved despite a serious fall in financial advertising following the October 1987 stock market crash.

The preliminary results for the year ended December 1988 also show that earnings per share rose from 0.6p to 22.5p. Turnover was up 16.6 per cent from £180m to £210m and total advertising costs were about 18 per cent higher at £131.7m.

Storting approves Statoil commercial developments

By Karen Fossli in Oslo

STATOIL, Norway's state oil company, was yesterday granted its long-time wish for greater commercial freedom by the Storting (Norway's parliament) although the Conservative party failed to get a majority backing for its proposal gradually to semi-privatise the company.

Previously Statoil has had to get approval from the Storting for its commercial projects. A majority of the Storting yesterday decided to abolish this requirement.

The first result will see Statoil proceeding ahead with a joint 50/50 NKr2bn ($294m) petrochemical project in Belgium with Himont, the US-based petrochemicals firm.

In 1988 Statoil's petrochemicals division was the company's highest performer with an operating profit of NKr1.3bn which translated into net profits of NKr1.23bn.

Mr Arne Oeien, Norway's oil and energy minister, also proposed that NKr2bn to NKr3bn in state loans to Statoil be converted into fresh equity capital in a bid to help support the company's sagging equity ratio which has plunged to 4.3 per cent of total capital.

The Storting, however, will not debate the proposal until after Easter. Statoil's annual dividend payment to the state, its owners, will be decided on an annual basis: the percentage will hinge on its results.

Statoil had pinned hopes on a dividend payment level of 15 per cent of net income as long as its equity ratio was below the 25 per cent target which it set for itself. After a two-year interval Statoil hopes to pay a dividend to the state on its forecast 1989 result of NKr1bn.

However, the combined state/Statoil ownership in producing fields has been reduced to 40 per cent from 50 per cent to reduce some of the risk. This means stakes in several fields will now be available for purchase by other domestic or foreign oil groups.

The NKr15bn Troll field development, where the state has a 62.696 per cent financial involvement, is likely to be one of the fields where foreign oil companies will seek to either gain a stake or increase their existing stake.

Bertelsmann seeks to raise DM231m

By Our Financial Staff

BERTELSMANN, the privately-owned West German publisher, yesterday announced group net profits of DM362m ($194m) for the financial year 1987/88, up from DM207m in the previous year, and said it would raise DM231m through an issue of participation notes.

Sales rose to DM11.3bn for the year ended June 30. Provisional figures for 1987/88 had group sales at DM11.5bn. The company, which has spent two years turning round RCA Records through a big restructuring, said it expected to have another successful year in 1988/89 with its group net profit rising further.

The note issue will consist of 1.32m new profit-sharing or participation notes at 175 per cent of their DM100 nominal value.

The notes will be entitled to a dividend for the second half of the year to June 1989 and will be offered in a ratio of three old notes for each new note by a banking consortium co-led by Deutsche Bank and Commerzbank

AT&T wins step towards financial deregulation

By Roderick Oram in New York

AMERICAN Telephone and Telegraph won approval yesterday for a new form of financial regulation which will give it greater flexibility to set prices and meet competition in the US long distance telephone market.

The Federal Communications Commission, after long debate and protracted arguments with Congress, voted unanimously yesterday to cap AT&T's prices rather than its rate of return. The company had lobbied hard for the change as a step towards deregulation.

Wall Street believes the change will help make AT&T more profitable and efficient, though the company's main competitors, MCI Communications and US Sprint, believe the competitive impact will be minor.

AT&T still has more than 70 per cent of the long distance market but is hampered because its competitors are not regulated and thus free to price to win particular coveted accounts. The new regulatory regime will give AT&T more scope for challenging them.

From July 1, AT&T's prices can rise a maximum each year of 3 percentage points less than the rate of inflation, a limit that will force AT&T to make productivity gains of at least 2.5 per cent a year to maintain current profit levels.

AT&T is confident, however, that it can achieve greater efficiencies which will boost its profits. It had failed under the old regime to hit the maximum return of 12.2 per cent allowed on its asset base.

AT&T's 68,000 different long distance tariffs will be grouped into three baskets: services for large businesses, those to small businesses and consumers and toll free services. The groupings are designed to prevent AT&T from cross-subsidising services.

AT&T will be free within the baskets to adjust prices to achieve the best market mix but it cannot cut prices more than 5 per cent, a safeguard designed to protect its much smaller competitors from predatory pricing.

The FCC stipulated that long distance rates must fall at least 2 per cent a year for residential customers which should generate annual savings for them of around $700m.

Exxon in plan for French plant

By Peter Marsh

A NEW French plastics plant costing FFr1bn ($158m) is being planned by Exxon of the US and Royal Dutch/Shell, the Anglo-Dutch group.

The proposal by the two oil and chemicals companies for a plant to make polyethylene, the world's best selling plastic, is a sign of the buoyant conditions for chemicals in industry worldwide.

The new plant, which would make up to 220,000 tonnes of polyethylene a year, is planned to come on stream at the end of 1991.

It is to be built at Notre Dame de Gravenchon, near Le Havre, where Exxon has a big chemical complex and oil refinery.

Polyethylene, widely used to make packaging, industrial film and household containers, is in high demand. Over the past two years its price has doubled and it is selling for about $1,200 a tonne in Western Europe.

However, plans for the new plant, announced yesterday, may add to fears that the market for many commodity chemicals could become overheated in the next few years because of the extra capacity due to come on stream over this period.

According to Morgan Stanley, the US bank, Western Europe's current polyethylene production capacity of some 8.5m tonnes a year is due to increase by 15 per cent before 1992.

Exxon and Shell are large producers of polyethylene in Europe and account for about a tenth of capacity.

The two companies will decide on the plant in September, and, assuming it goes ahead, they will share the costs equally, although Exxon will be in charge of running the facility.

US ulcer drug fight heats up

By Peter Marsh

THE POSSIBILITY of a full-scale marketing battle between Merck of the US and the UK's Glaxo, the world's two biggest pharmaceutical companies, hotted up yesterday when a new and highly regarded Merck drug took a step nearer getting sales approval in the US.

The battle is over sales of drugs for combating ulcers, a market expected to be worth some $5bn worldwide this year.

Glaxo, the second biggest drugs company, dominates the ulcer market through its Zantac product, which this year is expected to become the first medicine to achieve sales of $2bn in one year.

Merck plans to challenge this dominance through sales of Losec, a new formulation developed by Astra, a Swedish drugs company.

Under a marketing deal between the two companies, Merck will sell Losec in the US, the world's biggest market place for medicines.

Availability of Losec in the US came a step closer on Wednesday after an advisory board of the US's Food and Drug Administration recommended that the FDA grant it a product licence.

The recommendation is not binding, but many analysts expect the FDA to give Losec a product licence later this year or early next.

Some drug-industry watchers believe that Losec, backed by Merck's marketing team, could quickly bite into Zantac's market share.

Other observers, however, believe that Losec's effect on Zantac's sales could be small, as the two drugs are targeted at slightly different ulcer-related conditions.

Sea Containers surges ahead

By Kevin Brown, Transport Correspondent

SEA CONTAINERS, the Bermuda-based ferry operator and lessor of marine assets, yesterday announced net earnings up from $48.8m to $85.2m on turnover up from $194.9m to $235.7m.

The net profit was struck after a provision of $20m to cover losses on the sale of damaged and obsolete containers, and rationalisation of the group's UK ports and ferries business.

Before taking account of the provision and taxes of $200,000, earnings were $105.4m, including a profit of $42m on the sale and partial leaseback of the group's operational headquarters in London.

This was not far short of the record level of $110m predicted earlier in the year by Mr James Sherwood, president. Mr Sherwood said Stena, the Swedish ferry group, had not contacted the company about its acquisition of a stake of more than 8 per cent in Sea Containers. Talks are expected to take place next week.

Stena is thought likely to propose co-operation between the two groups on ferry routes between the UK and Continental Europe, where Sea Containers' Sea Link subsidiary is a significant competitor.

Mr Sherwood confirmed that Sea Link would be seeking to reorganise its services to compete with the Channel tunnel, due to open in 1993.

Sea Link's earnings rose from $28.2m to $35m last year, and Mr Sherwood said the company was likely to have "an excellent year" in 1989.

Earnings from container leasing, the group's other main business, improved from $16.2m to $31.4m. Mr Sherwood said the container asset leasing business was strong in all markets, with utilisation edging upwards and rates improving.

Bid defence considered by TW Services

By Anatole Kaletsky in New York

TW SERVICES, the US contract catering and food distribution company created three years ago after the break up of the Trans World Airlines group, announced yesterday it might undertake a financial restructuring as an alternative to the $1.4bn tender offer launched against it last year by Coniston Partners.

Coniston, the New York firm of corporate raiders and takeover specialists, owns nearly 20 per cent of TW's stock.

The company's board voted to instruct First Boston and Merrill Lynch to "explore financial alterantives" which might maximise shareholder values beyond the $29 a share offered by Coniston.

This form of words is often used on Wall Street by companies contemplating a leveraged buy-out or planning to seek a white knight merger partner as an alternative to a hostile takeover bid.

Yesterday's announcement gave the first indication since the takeover battle began that TW Services might consider such a course and it delighted Wall Street's arbitrageurs.

TW's shares jumped $2½ to $31⅝ in active trading shortly after the statement.

Previously the company's board had relied mainly on a poison pill anti-takeover device in its defence against Coniston. This strategy was upheld in an important ruling by the Delaware Chancery Court earlier this month.

The ruling increased scepticism about Coniston's ability to mount a hostile bid and left the investment partnership with little apparent alternative but to mount a proxy fight at the company's annual meeting, orginally scheduled for April 26.

As part of yesterday's announcement TW Services said the board had postponed the shareholders' meeting.

TW, which earned net income of $67m last year on operating revenues of $3.6bn, owns the Denny's Hardee's Cuincy's and El Pollo Loco restaurant chains, in addition to its contract cantering and vending machine businesses.

It is the fourth largest catering company in the US by revenues.

● Phillips Petroleum of the US has reorganised its chemicals and plastics businesses with effective from April 1 to compete better in world markets and emphasise plastics lines with high growth potential.

Correction
BCE Holdings

WEDNESDAY'S article on BCE, the Canadian industrial group, wrongly included the logo of BCE Holdings, a UK manufacturer of snooker and pool equipment. The two companies are unconnected.

National Semi falls into loss following poor chip sales

By Louise Kehoe in San Francisco

NATIONAL Semiconductor, which is divesting its computer operations, announced losses of $44.6m or 46 cents per share for the third quarter following disappointing semiconductor sales. In early trading, National's stock price fell to $7¾, from $8¼, a five-year low.

During the third quarter, National reported a gain of $45.1m from the sale of Datachecker Systems, its supermarket check-out computer systems operation to ICL of the UK. Reported as a discontinued operation, Datachecker showed unexpectedly heavy losses of $8.8m for the third quarter and $28.6m for the nine month period.

National Semiconductor's total sales for the third quarter were $589m, up from $572.6m in the same period last year when the group recorded net earnings of $15.2m, or 12 cents.

In the nine-month period the group suffered a net loss of $100.3m, or $1.04, on sales of $1.85bn, up from $1.62bn last time. Net earnings for the same period last year were $40.3m or 30 cents.

It also took a charge of $8.5m associated with the January lay-offs of 2,000 workers.

Third quarter net losses on continuing operations were $80.9m, and $116.8m for the nine month period.

Since the end of the quarter, National Semiconductor has announced plans to sell its mainframe computer operations, National Advanced Systems to Electronic Data Systems and Hitachi for $398m. The company expects to close the sale during the fourth quarter.

Tyson Foods steps up battle for Holly Farms

By Anatole Kaletsky

TYSON FOODS, the largest chicken producer in the US, yesterday announced it would solicit proxies from shareholders of Holly Farms, the country's third largest poultry group, in opposition to Holly's $1.1bn merger agreement with ConAgra.

Tyson also confirmed it would offer Holly Farms shareholders $63.50 a share in cash on condition the company's board terminated various options and agreements it had offered to ConAgra.

ConAgra, America's biggest meat producer, entered the long-running takeover battle between Tyson and Holly late last year as a white knight. However, the stock swap proposed under its merger agreement with Holly is estimated to be worth only $59.25, compared with Tyson's cash bid of $65.50.

Tyson has been engaged in litigation against the merger agreement since last December and yesterday's announcement was seen as a holding action. A trial date has not yet been set for Tyson's request for a permanent injunction against the Holly Farms-ConAgra deal.

INTERNATIONAL COMPANIES AND FINANCE

Hongkong Hotels up by 49% to HK$320m

By John Elliott in Hong Kong

HONGKONG and Shanghai Hotels, which is controlled by the Kadoorie family and has the Peninsula Hotel in Kowloon as its flagship, yesterday announced a 49 per cent increase in net profits to HK$320.5m (US$41.1m) for last year.

Turnover rose by 30 per cent to HK$1.14bn, after a renovation programme on the Peninsula was completed. The company's adjacent modern hotel, called the Kowloon, also boosted turnover and profits by achieving almost 97 per cent occupancy, a record for Hong Kong where there is a hotel boom.

Last autumn the family owners, led by Lord Kadoorie, spent HK$1.9bn increasing their stake in the company from 35 per cent to 68.9 per cent to fight off a hostile bid from Cathay City, a small local finance company run by Mr Lo Yuk Sui.

In the past year Mr Sui has emerged as an international hotel operator.

Mr Hanmer Webb-Peploe, Hongkong Hotels' managing director, said 1989 would be "another year of substantial financial growth." High levels of hotel occupancy were expected to continue. Luxury flats in a HK$550m development in the prestigious residential area of Repulse Bay are now coming on to the market.

During the past year the group acquired Hotel Maxims de Paris in New York and renamed it the Peninsula. It also negotiated a deal to develop a hotel on the St George's Hospital site in central London but is now considering pulling out.

The company had talks with possible bidders for its Kowloon Hotel but did not receive a sufficiently high offer. It is believed that a successful bid would have been in the region of HK$2.5bn.

Future projects include modernisation of Hong Kong's Peak Tram, and a proposed light-rail link between the Central and Aberdeen districts.

A final dividend of 9 cents per share is being proposed, which would make the year's total 15 cents compared with 12 cents in 1987.

ERN seeks steel and pulp deals

By Gordon Cramb

ELDERS Resources NZFP (ERN), the Australasian forestry and mining group created last year through the merger of NZ Forest Products with the resources offshoot of Mr John Elliott's Elders IXL, yesterday signalled a renewal of its expansion plans.

ERN said it was entering the bidding contest for NZ Steel, the steelmaker in which the failed Equiticorp group has an 80 per cent stake. Tenders close on Monday. Fletcher Challenge, New Zealand's largest company, declared itself a contender this week.

Mr Geoff Lord, ERN's managing director, also revealed yesterday that the group was interested in a pulp mill development with North Broken Hill Peko, another large Australian resources company.

This would replace a A$1bn (US$806.1m) Tasmanian facility North had planned with the Canada-based Noranda, but abandoned on Wednesday in the face of environmental opposition.

Mr Lord was quoted as saying in Melbourne that he had approached North about "a couple of opportunities," not necessarily in Australia. Expansion of existing plants was easier than building a new plant from scratch, he added.

ERN's large Kinleith pulp and paper operation in New Zealand needs up to NZ$700m (US$428.9m) for modernisation – a programme that could involve putting that plant into a joint venture, the group said last month.

In January ERN acquired a range of coal, gold and other assets from North in a A$750m deal that removed ERN's 20 per cent stake in North.

Following the merger with NZFP, about half ERN assets are in the forestry sector. The group has indicated that it would like to reduce this proportion. The acquisition of NZ Steel would achieve this. Mr Lord said: "We're interested enough to have done a lot of work, and we're interested enough to have had lengthy discussions."

ERN yesterday reported net profits of NZ$219.7m for the nine months to December on sales of NZ$3.81bn. The figures included results from the NZFP businesses for the whole period, from the previous Elders Resources operations for seven months, and from the units sold by North for two months.

It gave results for the six months to December 1987 as profits of NZ$78.5m on revenues of NZ$660.9m but said the variation in reporting periods made comparisons difficult.

Operating profits were NZ$223.6m against NZ$77.0m. A further NZ$138.6m came from abnormal profits – up from NZ$34.0m. These reflected an exchange of forest assets with Fletcher, and no similar items are expected before the 15-month period ends in June.

The interest bill, however, jumped to NZ$133.6m from NZ$24.2m because of the merger. The company said the consequent restructuring was nearly complete and that "management is now looking to profit improvement of its operating businesses with the next step being to improve margins." The interim dividend is 9.5 cents a share, up from 6.5 cents.

Dairy Farm celebrates 70% profit leap

By Michael Marray in Hong Kong

DAIRY FARM International, the Hong Kong listed food retailer which is part of the Jardine Matheson group, lifted 1988 net profits 70 per cent to HK$773m (US$99.1m).

Mr Owen Price, managing director, said that for the first time the figures included a full contribution from the group's 25 per cent interest in Kwik Save, the UK retailer. Dairy Farm bought the stake in mid-1987.

An agreement to stand still on further share purchases made then expires at the end of this month, but Mr Price said that "as of today we have no plans to move any further than we are."

Dairy Farm sales rose 38 per cent to HK$17.58bn, with good profit growth from the Wellcome supermarkets and Maxim's restaurants in Hong Kong and the Franklins supermarket chain in Australia.

Mr Price said that the Taiwan operations, with eight supermarkets at present, would not show a profit for two to three years, but that long-term prospects were very good. "It will provide the springboard into the 1990s as Hong Kong reaches saturation," he said.

Last month Dairy Farm announced that it is acquiring from Jardine Pacific the 7-Eleven businesses in Hong Kong, Singapore and Malaysia for HK$450m.

Hang Lung Development advances 44%

By Michael Marray

HANG LUNG Development, the Hong Kong property company which restructured late last year, yesterday announced a 44 per cent increase in net profit to HK$466.1m (US$59.8m) for the six months to December.

At the same time Amoy Properties, the newly created investment subsidiary, reported profits of HK$229.1m, a 60 per cent increase. Also the Grand Hotel Holdings subsidiary announced net profits of HK$27.4m.

Grand Hotel also logged an extraordinary profit of HK$1.01bn, gained from the disposal of investment properties to Amoy, which itself made extraordinary profits of HK$561.1m on the sale of hotel properties to Grand Hotels.

Hongkong Electric shows strong earnings growth

By Michael Marray

HONGKONG ELECTRIC, the power utility, showed strong earnings growth for 1988 to HK$1.50bn (US$192.8m) after tax and scheme-of-control transfers. This represents a 19 per cent increase on the previous year.

Turnover rose 9.6 per cent to HK$3.31bn. The profits increase – which would have been 29 per cent but for an extra HK$100m release of deferred profits in the 1987 accounts – exceeded market expectations.

Hongkong Electric is one of a group of companies controlled by Mr Li Kashing. Mr Simon Murray, the chairman, said the result was helped by a 7 per cent increase in electricity sales, which rose to record levels, while progress on substantial power generation and transmission development programmes allowed higher profits under the Government scheme of control. This limits profits to 15 per cent of fixed assets, meaning that, as large capital investments are made, profits are able to rise accordingly.

The 1988 performance was also helped by a fall in interest charges after HK$2.4bn had been raised in a rights issue. Mr Murray pointed out that increasing inflation could have a big impact on future group costs and capital expenditure. In addition, stricter environmental controls would increase spending.

A final dividend of 33 cents per share will bring the total for the year to 54 cents, against an adjusted 49 cents for the previous year.

To the holders of

The Mitsubishi Trust and Banking Corporation

U.S. $100,000,000
2½% Convertible Bonds due 2001
and
U.S. $100,000,000
1¾% Convertible Bonds due 2002
and
U.S. $100,000,000
3¼% Convertible Bonds due 2003

NOTICE OF FREE DISTRIBUTION OF SHARES TO SHAREHOLDERS AND ADJUSTMENT OF CONVERSION PRICES

Pursuant to Clause 7 of the Trust Deeds dated 7th May, 1986, 7th August, 1987 and 5th August, 1988 you are hereby notified that a free distribution of Shares of our Company at the rate of 0.05 Share for each one Share is to be made on 19th May, 1989 to the Shareholders of record as of 31st March, 1989. As a result of such free distribution the Conversion Prices at which Shares are issuable upon conversion of the said Convertible Bonds will be adjusted pursuant to Condition 5 of the Bonds from Japanese Yen 1,502.80 per Share of common stock to Japanese Yen 1,431.20 per Share of common stock in the case of the Bonds due 2001, from Japanese Yen 3,798.10 per Share of common stock to Japanese Yen 3,617.20 per Share of common stock in the case of the Bonds due 2002, and from Japanese Yen 3,098 per Share of common stock to Japanese Yen 2,950.50 per Share of common stock in the case of the Bonds due 2003, effective in each case 1st April, 1989.

The Mitsubishi Trust and Banking Corporation.
Dated 17th March, 1989.

SANYO ELECTRIC CO., LTD.

Curaçao Depositary Receipts
of ordinary shares

The undersigned, acting as duly authorized Agent of Curaçao Administration Company N.V., announced that at the shareholders meeting held on 27th February, 1989 was decided to pay a final dividend of Yen 4 per share for the fiscal term ending 30th November, 1988.

This dividend will be payable, less 20% Japanese tax, as from the 17th March, 1989, on the coupons No. 9 of the CDR's. Payment will be made at the undermentioned offices as follows:

$ 24.80 per CDR of 20 dep. shares of 50 ord. shares.
$124.00 per CDR of 100 dep. shares of 50 ord. shares.

Residents of countries which have concluded a tax treaty with Japan, may, only afterwards, claim a 5% tax refund in Japan.

The coupons No. 9 may be presented in:

LONDON	to The Sumitomo Bank Ltd., Temple Court, 11 Queen Victoria Street, London EC4N 4TA.
HAMBURG	to Bank Mees & Hope NV, Pelzerstrasse 2, D.2000 Hamburg 1.
PARIS	to Banque de l'Union Européenne, 4 rue Gaillon, 75 Paris 2e.
NEW YORK	to Morgan Guaranty Trust Company of New York, 23 Wall Street, New York, N.Y. 10015.
AMSTERDAM	to Bank Mees & Hope NV, Herengracht 548.

Amsterdam, 9th March, 1989 BANK MEES & HOPE NV

SARAKREEK HOLDING N.V.

Sarakreek Holding N.V. announces that renewal is to take place of outstanding K-share coupons.

Shareholder with K-share coupons 1, 4 and 40 a f. 25,– nominal are invited to exchange these into equal nominal amounts in new K-share coupons. The share coupons to be deposited must include dividend coupon no. 18 and be attached to the counterfoil.

The new K-share coupons are labelled with dividend coupons numbered 19 up to and including 56 with counterfoil, and will be available in denominations of nominal 1, 4 and 40 a f. 25,00.

As from March 22nd, 1989, you will be given the opportunity to exchange the ordinary K-share coupons without having combine[illegible] of shares, at the head office of the Amsterdam-Rotterdam Bank N.V., Herengracht 595, Amsterdam.

If the K-coupons are offered for exchange to a Bank or Stockbroker, these must be accompanied by a list of number.

To waive commission for owners of K-coupons who wish to have them exchanged, the members of the Stock Exchange Association will be paid the regular commission up to and including 21st June 1989, i.e. f. 2,– per coupon regardless of denomination, increased with the notification rates for clients and decreased by the holding charges of 4.75%.

To those who hand in their coupons and request delivery of new coupons at other banks than the abovementioned bank the usual commission shall have to be paid.

Management Sarakreek Holding N.V.

Amsterdam, 15th March 1989

NOTICE TO HOLDERS OF
Bearer Warrants to subscribe up to ¥12,725,000,000 for Shares of the Common Stock of

KOKUSAI Securities Co., Ltd.

in conjunction with an issue of U.S. $100,000,000 4⅜ per cent. Bonds due 1993 (the "Warrants")

Notice is hereby given, pursuant to Clause 8 and 4 of the Instrument relating to the Warrants dated 24th June, 1988,

1. On 15th March, 1989, the Board of Directors of KOKUSAI Securities Co., Ltd. resolved to make a free distribution of Shares of its Common Stock to its shareholders of record at 15:00 hours (Japan Time) on Friday, 31st March, 1989, at the rate of 0.05 new Shares for each one Share held.
2. Accordingly, the subscription price of the Warrants will be adjusted, effective as of 1st April, 1989. The subscription price in effect prior to such adjustment is Yen 1,017.20 [illegible] and the adjusted subscription price is Yen 968.80 per Share of its common Stock.

Bonds due 2001	
Conversion Price per share before adjustment	Yen 1,017.20
Conversion Price per share after adjustment	Yen 968.80
Bonds due 2003	
Conversion Price per share before adjustment	Yen 2,454.40
Conversion Price per share after adjustment	Yen 2,337.50

KOKUSAI Securities Co., Ltd.
By: The Bank of Tokyo Trust Company
as Warrant Agent

Dated: March 17, 1989

THE MITSUI BANK, LIMITED

US$100,000,000 2⅝%
Convertible Bonds due 2001
US$200,000,000 2⅝%
Convertible Bonds due 2003
("the Bonds")

ADJUSTMENT OF CONVERSION PRICE

Notice is hereby given, pursuant to Condition 4(c)(iii) of the Bonds, that as a result of a free distribution of shares in the bank to the shareholders of record as at 31st March 1989, Japan time, at a rate of 0.05 shares for each share held, the Conversion Price of the Bonds has been adjusted effective as from 1st April 1989, Japan time.

The Mitsui Bank, Limited
1-2 Yurakucho 1-chome,
Chiyoda-ku, Tokyo 100, Japan

By
Mitsui Finance Trust International Limited as Principal Paying Agent
17th March 1989

Notice to Holders of

6¾% Convertible Subordinated Debentures due 2002
(the "Debentures")
of
Emhart Corporation
(the "Debenture Holders")

Section 1204(b) of the Indenture dated as of July 15, 1987 (the "Indenture"), between Emhart Corporation (the "Company") and Citibank, N.A. requires that the Company notify all Debenture Holders if the Company shall grant to all holders of its shares of Common Stock, par value $1.00 per share (the "Common Stock"), rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights. Accordingly, you are hereby notified that the Board of Directors has established March 20, 1989 as the record date (the "Record Date") with respect to the distribution to holders of shares of Common Stock of certain rights (the "Rights"). The rights will be effective and exercisable immediately after the Record Date.

The Rights are being issued pursuant to a Rights Agreement dated as of March 8, 1989 between the Company and The Connecticut Bank and Trust Company, National Association (the "Rights Agreement"). The Rights initially entitle the holders thereof to purchase one-two hundredth of a share (a "Unit") of Series A $10.00 Participating Preference Stock, without par value, at a price of $52.50 per Unit. A copy of the Rights Agreement may be obtained by writing to Emhart Corporation, 426 Colt Highway, Farmington, Connecticut 06032, Attention: Secretary.

Pursuant to Section 1204(4) of the Indenture, the Corporation has provided that each holder of a Debenture converted after the Record Date shall be entitled to receive, upon conversion of the Debenture, the same number of Rights to which a holder of a number of shares of Common Stock into which the principal amount of the Debenture was convertible immediately prior to the Record Date would be entitled on the Record Date in accordance with the terms and provisions of the Rights Agreement. As a result, there will be no adjustment of the conversion price of the Debentures.

Dated March 9, 1989 Emhart Corporation

INTERNATIONAL CAPITAL MARKETS

FUTURES INDUSTRY ASSOCIATION CONVENTION

US regulation procedures cast shadows over agenda

By Katharine Campbell in Boca Raton

THE SECURITIES and Investment Board, Britain's chief investor protection watchdog, was hastily modifying its position in response to pressure from disgruntled London trading houses when officials met for talks with the US Commodity Futures Trading Commission at the futures convention in Boca Raton, Florida, this week.

At stake is a CFTC ruling concerning the regulation of foreign firms selling futures into the American marketplace, which came into force in February 1988.

Since then, UK firms have been operating on a temporary "interim relief" basis but, after a number of extensions, the interim relief ran out on Wednesday.

The futures ruling effectively allows foreign firms to sell to US clients, without obtaining a licence in the US. They thus come under the jurisdiction of the full regulatory system, if the CFTC feels that home regulators offer a "*comparable*" system.

The SIB has been negotiating details of the comparability test in the last few months, and a number of City institutions reckon *that the SIB had* given too much away to the US authorities.

The Department of Trade and Industry, which was not included in most of the discussions, is thought to feel the same way. A vote by the Association of Futures, Brokers and Dealers (AFBD), the self-regulatory body, on whether to accept the original SIB proposals was put off until next week. It now looks as if the proposals will be modified by the time the AFBD votes.

Ongoing discussions in Boca were progressing well on two fronts, officials said. Many *firms are keen to see an agree*ment reached because, until there is one, they are unable to solicit new business in the US.

Included in the SIB proposals had been a provision that the CFTC should have access to companies' books at 72 hours' notice, where the US authorities are investigating a US client.

Mr John Foyle, market secretary of Liffe, *said*: "This is clearly impossible." He pointed out that to separate trading records of an individual client would take much longer.

London firms also point out that in the FBI investigation into trading in Chicago, records going back six years were subpoenaed. It is thought that some accommodation may be reached on this score.

Another bone of contention has been the proposal that, in the case of a customer complaint, a US client should be able to seek arbitration under US law if conciliation through the AFBD fails. Firms unhappy at what they see as the encroachment of US law hope that a process of arbitration in the UK will be required first.

The area where least progress has been made to date concerns the separation of client *funds* from a firm's *own* account, or segregation. Ms Andrea Corcoran, head of trad*ing and markets division at* CFTC, said: "There is a fundamental difference of philosophy (between the UK and the US)."

In the US, segregation is regarded as an important component of the soundness of the entire system and is mandatory for professional and private clients alike.

Under the UK Financial Services Act, segregation is mandated only for private clients, if they are to be covered by the compensation fund.

Professional clients are deemed to be capable of assessing the creditworthiness of the firms they deal with.

The London Metal Exchange (LME) is especially concerned by the CFTC's segregation requirements. It derives 16 per cent of its business from US clients.

LME members do *not* segregate funds and do not require clients to put up money on a daily basis to cover losses on existing positions, as most *other* exchanges, such as Liffe, do.

Segregation is expensive, because clients must find funds to cover losses, whereas in an unsegregated environment the firm operates on a net basis and would simply require a bank guarantee from a client.

One LME official said that if LME members were required to segregate funds for US clients, "US users of LME would be severely disadvantaged."

At private talks with the CFTC during the convention, LME officials explained the "uniqueness" of the LME market, arguing that for a number of reasons it did not sit easily in the scheme of other futures markets.

Although the CFTC was described as receptive, it will be hard-pressed to make an exception for the UK, or the LME.

US competitors of the *LME, such as Comex in New York,* are not keen to see their competition operating under laxer rules; and the CFTC, thrown on the defensive since the FBI investigation, is not in a position to make concessions.

Meanwhile, at a meeting of international regulators in Boca, the Province of Montreal petition for acceptance under the foreign futures ruling was accepted.

Canada has no single federal securities act so each province has to negotiate separately with the CFTC. The Province of Winnipeg, on the other hand, was apparently unable to meet the CFTC's comparability tests. To date, Singapore and Australia have come to satisfactory arrangements.

CBOT takes wraps off Aurora and Eos systems

By Katharine Campbell

THE CHICAGO Board of Trade, the world's largest futures exchange, unveils today at the futures industry convention an after-hours electronic trading and order routing system, which it claims is the most technologically sophisticated of its kind.

Aurora, the auction market on screen, and Eos, the system that delivers orders to the exchange electronically, can function anywhere in the world and could be operating in a limited capacity by the end of this year.

CBOT officials hope that, with the system's groundbreaking technology and its reputed cost advantage, it can steal a march on the rival Globex system, a joint venture between the Chicago Mercantile Exchange and Reuters, which counts at least three non-US exchanges as likely participants.

Technology has suddenly become the principal weapon brandished by competing futures and options exchanges anxious to increase their global market share, even though as yet no leading exchange has successfully implemented electronic futures trading.

The CBOT's initial approach to garner more customers was to open its existing physical floor for a longer time – and officials stress that the evening session, begun almost two years ago, has been a success. But the approach proved an incomplete answer to the competitive pressures of an international marketplace.

Aurora, which has been developed with considerable *speed in the last few* months, relies on technology and support from Apple Computer, Texas Instruments and Tandem.

The system is designed to replicate the features of an auction market on screen, using colour graphics.

Crucial to the development of the system has been a special kind of artificial intelligence software (MicroExplorer), pioneered by Texas Instruments, that has been available for less than a year.

According to CBOT officials, this has allowed a high degree of flexibility in rewriting programmes and enabled the exchange to move forward quickly.

The terminal that sits on members' desks aims to create a competitive market as similar as possible to the physical trading pit.

Members appear as coloured electronic blips on screen. Identification and the quantity bid for is included within each square or circle.

The basic approach is similar to the advanced pit trading system being developed by Liffe in London, although the screens convey rather different information.

The CBOT screens are, at first glance, more crowded, convey more information about other pits, but less about the traders' own positions.

Eos, meanwhile, is an order-routing system linking clients to exchange members and back, with a hook-up to the clearing house as well.

This, the CBOT says, will speed up the order flow as well as increasing accuracy and providing a better audit trail.

These concerns have become particularly pertinent since news broke two months ago of an FBI investigation into trad*ing abuses in the Chicago pits*. Eos will be phased in from April.

The CBOT has yet to decide which contracts will be listed on Aurora, although the Treasury bond futures and options that currently trade in the evening session will not be traded simultaneously electronically.

As *CBOT officials travel* around the world on the heels of the CME marketing Globex, they will be *stressing two fac*tors: the order matching system Globex offers is supposed to be relatively crude, compared with competitive pricing that the auction *market* replica offers, and trading on Aurora will be the least expensive of any electronic system.

Readers puzzled by the names chosen for the systems should refer to their classical dictionaries. Aurora and Eos are, respectively, the Latin *and Greek goddesses of dawn.*

Fiat offshoot plans novel CP scheme

FIAT Finance and Trade, a Cayman Islands-based unit of the Italian motor group, is launching a paperless "commercial paper" scheme in Swiss francs, Reuter reports.

The scheme, targeted at retail investors, uses book entries instead of actual paper in order to escape the Swiss stamp tax on securities transactions.

Fiat intends to raise about SFr100m ($62.5m).

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on March 16

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	†92½	93	0	-0⅛	10.49
B.F.C.E. 7 92	150	91⅞	92⅜	0	-0⅛	10.12
B.F.C.E. 9¼ 95	150	96¼	96¾	-0⅛	-0½	9.97
Brit. Tel. Fin. 9⅝ 98	250	96½	97	0	-0¼	9.90
Canada 9 96	1000	96¼	96¾	0	-0⅜	9.71
Canadian Pac 10⅜ 93	100	†99½	100½	0	-⅛	10.72
C.C.C.E 9¼ 95	300	96⅝	97⅛	0	-0⅛	9.97
C.N.C.A 9⅞ 93	150	97⅜	97⅞	-0⅛	-0⅜	7.02
Credit Lyonnais 9 91	200	†97⅝	98⅛	0	-0⅛	10.24
Credit National 8¼ 93	200	93⅝	94⅛	-0⅛	-0⅜	10.14
Credit National 7⅜ 92	100	92⅝	93⅛	0	-0⅛	10.15
Credit National 9½ 92	160	98¾	99⅜	0	-0⅛	9.80
Dai-Ichi Kan 9⅝ 92	150	98	98½	0	-0⅝	10.20
Denmark 7¼ 92	500	92	92⅜	0	-0½	10.33
E.E.C. 7 91	100	92⅝	93⅛	0	-0⅛	10.10
E.E.C. 7¾ 93	250	90⅞	91⅜	0	-0⅛	10.07
E.E.C. 8 90	350	†96¼	96¾	0	-0½	10.81
E.I.B. 7⅝ 93	100	91	91½	0	-0⅛	10.01
E.I.B. 9⅝ 97	150	96¾	97¼	0	-0⅛	9.90
Elec. De France 9 98	200	94⅝	95	0	-0⅜	9.91
Finland 7¾ 97	200	88⅝	89⅛	+0⅛	-0⅜	9.97
Finn. Exp. Cd. 8½ 92	200	95¼	95¾	0	-0⅜	10.27
Finn. Exp. Cd. 9⅞ 95	200	96½	97	0	-0⅛	10.08
Ford Motor Credit 8 91	250	†96	96½	0	0	10.14
Gen. Elec. Cap. Corp. 9 93	500	96	96½	0	-0⅛	10.02
Gen Elec Credit 10¼ 00	200	†99½	100	0	0	10.28
Gen. Mtrs. Corp. 9⅛ 92	200	97	97⅜	-0⅛	-0⅛	10.15
Halifax BS 9½ 93	200	†97⅛	97⅝	0	-0⅛	10.26
IBM Credit Corp. 8⅞ 92	250	97⅛	97⅝	0	-0⅜	10.02
IBM Credit Corp. 9½ 92	250	99⅜	99¾	0	-0⅛	9.69
Italy 9½ 95	1000	97⅜	98⅛	0	-0⅛	9.93
Italy 9⅝ 99	1000	97½	98⅛	0	-0⅜	9.99
L.T.C.B of Japan 8 91	100	94⅜	95⅛	0	-0⅛	10.40
L.T.C.B. of Japan 9¼ 92	200	97	97½	0	-0⅜	10.16
[illegible]						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 4⅞ 91	50	98	98½	0	-0⅛	5.18
Canada 6⅛ 91	80	101⅞	102⅜	0	0	5.01
Canada 5⅝ 93	80	101⅞	102⅛	-0⅛	-0⅛	5.12
Elec. De France 5⅜ 91	20	101	101½	0	0	5.10
Ireland 5⅛ 93	30	99½	100	0	-0⅛	5.19
[illegible]						

OTHER STRAIGHTS [illegible]

DEUTSCHE MARK STRAIGHTS [illegible]

SWISS FRANC STRAIGHTS [illegible]

FLOATING RATE NOTES [illegible]

CONVERTIBLE BONDS [illegible]

[illegible]

INTERNATIONAL CAPITAL MARKETS

Du Pont offer renews issue controversy

By Andrew Freeman

RENEWED CONTROVERSY emerged in Eurobond markets over new-issue practice yesterday after Credit Suisse First Boston launched a $250m three-year deal for Du Pont which carried a 10⅛ per cent coupon. The deal marked Du Pont's return to the dollar sector after a seven-year absence.

Priced at 101.225 to yield some 38 basis points over US Treasuries, the bonds were distributed along the lines recently announced by CSFB, with a small syndicate and a commitment by the group not to make grey market prices to brokers.

CSFB also halved the normal praecipuum, the portion of fees taken by the lead manager, to 5 basis points.

To the frustration of some co-managers, two-way prices were quoted by several brokers throughout the session, and the bonds were bid at less 1.40, outside underwriting fees of 1⅞ per cent.

A CSFB official pointed out that at no time was the offer price outside fees, and said that an insignificant portion of the deal was trading outside the syndicate. "We will support any co-managers who have trouble placing their commitment by keeping the bonds ourselves," the official said.

The timing and pricing of the deal came under criticism. Several co-managers in the deal said the launch spread should have been between five and 10 basis points higher, while some thought that to launch the deal between sets of important US economic figures was asking the market to take too much risk.

CSFB agreed that the pricing was tight, but said the spread should tighten as retail investors were attracted to the 10⅛ per cent coupon. One house said it had been pressured to participate in the deal and was very unhappy at the way it had been handled. However, co-managers which accepted invitations before complaining were accorded little sympathy.

Elsewhere, two deals had good receptions and were praised for the accuracy of their pricing. Deutsche Bank Capital Markets was the lead manager of a $100m 10-year issue for Daimler Benz. The bonds were priced at 102¼ to yield 40 basis points over US Treasuries.

Demand was strong from a range of European institutions hungry for 10-year paper, and the bonds were quoted by the lead manager at less 1.40 bid, well inside underwriting fees of 2 per cent. The launch spread had narrowed to around 33 over Treasuries. The deal is believed to have been unswapped.

Salomon Brothers successfully brought an A$75m deal for IBM Australia. The four-year bonds came with a 15⅝ per cent coupon and were priced at 26 basis points over Australian government bonds and around 20 basis points over existing IBM four-year paper. Late in the day the lead manager was quoting a price of less 1.70 bid, inside fees of 1⅞ per cent. Demand was primarily from the Benelux countries and Switzerland.

In Germany, the European Investment Bank launched a DM600m seven-year deal which carried a 6⅝ per cent coupon and was judged as well priced.

Traders baulked at the size of the issue, but its reception was helped by the overall steadiness of the market and by some retail demand for the bonds from Italian investors seeking a tax advantage. Deutsche Bank, the lead manager, quoted the bonds at less 1¾ bid, around total fees and yielding 6.74 per cent.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Du Pont(a)◆	250	10⅛	101.225	1992	1⅜/⅞	CSFB
Daimler-Benz Int.Fin.(a)◆	100	10	102¼	1999	2/1⅜	Deutsche Bank Cap.Mkts
Svenska Handelsbank(a)◆	100	10¾	100.85	1990	⅝/½	Yamaichi Int. (Europe)
SNCF(b)◆	50	14½	101¾	1990	1/⅝	Bankers Trust Int.
D-MARKS						
EIB(a)◆	600	6⅝	101⅛	1996	1¾/1⅛	Deutsche Bank
World Bank(a)◆	150	6⅝	100⅝	1997	1⅝/1⅛	DG Bank
SWISS FRANCS						
World Bank(a)◆	125	5½	101	1999	n/a	UBS
BP America(a)◆	100	5½	101	1996	n/a	J.P. Morgan Secs.(Switz)
AUSTRALIAN DOLLARS						
IBM Australia Credit(a)◆	75	15⅝	102	1993	1¾/1⅛	Salomon Brothers
Issue increased:						
Swedish Export Credit(c)◆	50	30	100	1991	2/1⅜	Merrill Lynch

★Private placement. ◆Final terms. a) Non-callable. b) Borrower has option to redeem in either US$ or Ecu. c) Issue increased from A$30m. Redemption linked to A$/Yen spot exchange rate 5 days before maturity.

Budget opens up trading in sterling instruments

By Stephen Fidler, Euromarkets Correspondent

THE MOVES announced this week by Mr Nigel Lawson, the Chancellor of the Exchequer, to get rid of more restrictions on the sterling financial markets clears up a poorly defined area which had inhibited the issue of sterling instruments of maturities between one and five years.

The Bank of England's long-held concern that the issue of money market instruments and shorter-maturity capital market securities would be confused with deposit taking had led to a underdevelopment of this area of the sterling markets.

The lifting of foreign exchange controls in 1979 started a process of relaxation of capital market controls. By 1986 the Bank opened the door to the issue of sterling commercial paper, short-term promissory notes with a maturity of less than one year. That market has grown steadily and now stands at about £4bn.

The steps announced this week advance that process by integrating the treatment of all money market and securities issues out to five years, with the issue of longer-term securities.

The Bank ended, with immediate effect, the new-issues queue for sterling bond and equity issues and the need to request timing consent. The remaining constraint on sterling issues is that the lead manager must be based in London, and that where an overseas firm is concerned, reciprocity applies (a British firm can perform the same function in the home market of that foreign house).

Moves in the sterling commercial paper market effectively open it to much smaller companies – the minimum capital requirement goes down from £50m to £25m.

It also widens the group of possible issuers from those listed on the London Stock Exchange to those on the Unlisted Securities Market, private UK companies and foreign companies (providing they meet relatively modest disclosure requirements), and foreign public sector organisations. The SE's Topic news service will provide information on issuers.

For the first time, UK banks and building societies will be able to issue instruments below five years, other than certificates of deposit. Given that all the instruments will have a minimum denomination of £100,000, they are deemed to be aimed at professional investors.

For consistency's sake the minimum denomination will be lowered from £500,000 to £100,000 and the Bank is insisting that the issuing and paying agent for the paper must be in London.

The maximum maturity will extended to five years, opening up the possibility of a continuously-issued medium-term note market in sterling. This is expected to become law when the Companies Bill is legislated on, possibly in November.

Bankers said the opening up of the market was more radical than expected and added that it should encourage significant growth. They also said that because short-term interest rates were so much higher than long-term rates, there might not be a big incentive now for UK companies to seek short-term funding.

However, if suitable swap opportunities emerge, this constraint would not apply to foreign companies.

With effect from April, sterling bonds can be issued with maturities below five years providing there is a prospectus and providing the issuer is an occasional visitor to the market.

Treasuries trade narrowly ahead of producer prices

By Karen Zagor in New York and Norma Cohen in London

WITH THE market focused on today's release of February producer price data, US Treasury bonds prices were little changed yesterday in moderate trading.

In the early afternoon, prices were as much as ⅛ of a point higher and the Treasury's benchmark long bond was quoted ⅛ of a point up at 97[illegible], yielding 9.09. The Fed did not enter the market, and Fed funds were 9¾ per cent at mid-session.

Bonds were supported by a strong dollar, which traded above Y131 in New York throughout the morning in spite of fears of central bank intervention. This was the dollar's highest level against the Japanese currency since October. By early afternoon the dollar was trading at Y131.10.

The release of February's housing starts had little impact on the debt market although the 11.4 per cent drop, after a 7.2 per cent rise in January, was sharper than expected.

The market also refused to get excited over news that industrial production was unchanged in February, after increasing 0.4 per cent in January and December.

More weight will be given to the producer prices, after a 1 per cent rise in January triggered the Federal Reserve's most recent move to push interest rates higher.

Market watchers are expecting a gain of 0.3 or 0.4 per cent. Anything lower should boost US Treasuries, while a gain would worry the market.

UK government gilts were ⅛ to [illegible] lower in light turnover with gilts traders distracted for part of the day by the annual Cheltenham Gold Cup, which tore traders and investors alike from dealing screens.

News that average earnings in the UK in January rose by an underlying 9 per cent was largely expected and was shrugged off by the markets.

Attention remained focused on the strong pound and the latest pledge by Mr Nigel Lawson, the Chancellor, to maintain slower growth in the narrowest monetary aggregate, M0. Dealers now assume it will be at least mid-year, possibly autumn, before interest rates subside and that there is little point to buying gilts now.

Similarly, gilts salesmen said there was no sign that foreign investors had been heartened by the Chancellor's reassertion of the importance of the strong pound.

AUSTRALIAN government bond prices rose quickly in what dealers described as a thin, short-covering rally following news that the nation's trade deficit had shrunk sharply in February against January's figure.

The current account deficit fell to A$1.16bn from A$1.64bn in January, the worst ever. Still, the nation's trade shortfall remains far larger than the A$1.05bn gap recorded in February 1988.

However, even though there appears little hope of any decline in short-term interest rates, bond prices remain underpinned by the strength of the currency, which traded close to 82 US cents yesterday. Both the Australian Reserve Bank and the US Federal Reserve were seen in the markets trying to drive the currency down.

The benchmark 12 per cent bonds due 1999 closed at 13.67/65, down from 13.78/76 on Wednesday.

GOVERNMENT BONDS

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	108-07	-6/32	10.64	10.55	10.41
		9.750	1/98	98-26	-4/32	9.95	9.86	9.78
		9.000	10/08	99-26	-4/32	9.02	9.08	8.94
US TREASURY *		8.875	2/99	97-12	+5/32	9.31	9.28	9.22
		8.875	2/19	97-22	+10/32	9.11	9.08	9.08
JAPAN	No 111	4.600	6/98	96.0980	-0.118	5.22	5.13	4.94
	No 2	5.700	3/07	106.0322	-	5.06	4.99	4.83
GERMANY		6.375	11/98	96.2500	-0.050	6.93	6.86	6.84
FRANCE	BTAN	8.000	1/94	95.4331	+0.129	9.19	9.24	9.13
	OAT	8.125	5/99	94.3800	+0.140	8.96	9.04	8.95
CANADA *		10.250	12/98	98.5000	+0.100	10.49	10.43	10.22
NETHERLANDS		6.7500	10/98	97.8250	-0.100	7.09	7.11	7.09
AUSTRALIA		12.000	7/99	90.8931	+0.508	13.65	13.67	13.90

London closing, *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

UK clarifies deep-discount tax

By Stephen Fidler

THE clearing up of anomalies in the UK tax treatment of deep-discount bonds has led the Bank of England to lift the bar on the issue of such paper by foreign sovereign issuers and supranationals.

According to syndicate managers, the tax treatment of these issues – which allow certain UK investors to defer until the date of redemption or sale the tax arising from the accrued income – may make *such offerings attractive.*

With the Budget, the tax treatment of such issues was brought into line with those applying to issues by UK-listed companies.

The tax rules are meant to clear up three previously troublesome areas: the treatment of non-variable deep-discount securities, that of variable deep-discount securities (where redemption dates or coupons, for example, can vary), and ofindex-linked securities. None of the new rules affect the tax treatment of existing UK government bonds.

The accruals on bonds discounted by more than ½ point a year or more than 15 points overall at issue are counted as income in the year of disposal or redemption.

For variable deep-discount securities, the difference between the acquisition and *disposal costs will be taxed* entirely as income. This ruling would be expected to deter such issues, which are relatively rare.

For index-linked securities the guidelines suggest that, provided the bonds meet certain conditions, the uplift in the price of a deeply discounted index-linked security provided by the movement in the index is treated as capital gains, not as income. Unlike income tax, capital gains tax allows for indexation in line with the retail price index.

The conditions are:

- The securities are issued for five or more years and carry no early redemption date. Short-term index-linked issues thus receive "income tax" treatment.
- The amount payable on redemption for an issue *depends on the* movement in the consumer price index of the country concerned, for example the UK retail price index in the case of sterling.
- The securities pay interest at "not less than a reasonable commercial rate."
- The principal follows the movement of the relevant index either up or down, subject to a maximum lag of eight months.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Thursday March 16 1989 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1989 to date	Wed Mar 15 Index No.	Tue Mar 14 Index No.	Mon Mar 13 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (207)	966.57	-0.6	9.94	3.81	12.34	3.05	972.33	974.30	966.17	766.91
2 Building Materials (28)	1228.11	-0.4	10.37	3.72	11.87	0.98	1232.79	1236.66	1220.60	1025.83
3 Contracting, Construction (38)	1796.58	+0.3	11.88	3.44	11.75	4.49	1791.30	1801.66	1781.70	1593.89
4 Electricals (10)	2854.97	-0.7	8.04	4.19	14.80	1.47	2875.61	2890.24	2842.96	2869.97
5 Electronics (30)	2163.23	-1.8	8.73	3.88	14.85	12.07	2202.74	2200.94	2199.81	1529.81
6 Mechanical Engineering (55)	515.39	-0.3	9.85	3.78	12.39	1.15	516.81	518.41	514.96	399.74
8 Metals and Metal Forming (7)	546.94	-0.2	14.03	5.39	8.86	0.00	548.06	549.42	546.76	463.77
9 Motors (17)	318.74	-0.5	10.90	4.60	10.75	3.25	320.21	321.86	317.37	282.87
10 Other Industrial Materials (22)	1611.85	-0.2	9.81	4.13	13.21	4.62	1615.09	1614.74	1596.86	1277.15
21 CONSUMER GROUP (186)	1196.84	-0.6	8.71	3.58	14.39	3.84	1203.91	1207.48	1196.80	1078.06
22 Brewers and Distillers (22)	1345.57	-1.2	9.28	3.31	13.60	5.20	1362.13	1364.69	1351.63	1083.60
25 Food Manufacturing (20)	1044.93	-0.8	9.04	3.88	13.81	5.62	1053.35	1056.82	1046.71	846.04
26 Food Retailing (15)	2014.99	-1.1	9.08	3.49	14.62	8.25	2036.39	2032.00	2007.18	2135.71
27 Health and Household (13)	2179.91	+0.3	6.45	2.65	17.72	0.59	2174.31	2195.38	2182.99	1802.75
29 Leisure (33)	1655.65	-0.3	7.26	3.22	17.32	12.33	1661.09	1659.07	1654.53	1288.95
31 Packaging & Paper (17)	601.76	.....	9.52	3.83	13.24	1.24	601.57	600.96	602.26	513.09
32 Publishing & Printing (18)	3769.04	-0.5	8.39	4.17	14.93	3.92	3786.35	3814.99	3780.24	3568.21
34 Stores (33)	783.57	-0.7	10.04	4.42	12.14	1.64	789.45	789.32	777.73	858.33
35 Textiles (15)	522.48	-0.9	11.08	5.37	10.22	0.25	527.30	531.76	523.86	575.58
40 OTHER GROUPS (94)	1088.33	-0.8	9.74	4.86	12.53	4.23	1096.70	1104.67	1095.53	982.21
41 Agencies (18)	1321.61	+0.1	8.33	2.51	15.17	10.61	1319.94	1329.87	1324.00	1183.71
42 Chemicals (22)	1211.28	-0.1	11.00	4.81	10.93	18.67	1212.49	1217.83	1206.83	1040.52
43 Conglomerates (11)	1537.65	-0.3	9.93	4.75	11.64	4.27	1542.49	1547.26	1533.82	1187.14
45 Shipping and Transport (13)	2425.89	-0.4	7.90	3.45	16.45	0.00	2435.44	2454.48	2428.62	1947.79
47 Telephone Networks (2)	1142.66	-1.7	10.28	4.11	12.65	0.00	1162.03	1170.09	1178.45	987.46
48 Miscellaneous (28)	1515.85	-1.1	9.35	3.60	12.17	8.92	1532.13	1537.15	1506.82	1199.85
49 INDUSTRIAL GROUP (487)	1128.97	-0.6	9.35	3.78	13.22	3.82	1134.21	1140.64	1130.09	960.16
51 Oil & Gas (13)	2020.45	+1.8	9.44	5.48	13.57	40.19	1984.15	1964.18	1950.03	1819.57
59 500 SHARE INDEX (500)	1204.70	-0.3	9.36	4.00	13.26	6.72	1208.63	1211.20	1201.05	1032.88
61 FINANCIAL GROUP (126)	759.20	-0.4	–	4.91	–	8.33	762.54	762.90	758.56	680.71
62 Banks (8)	745.11	-0.4	22.74	6.40	5.74	18.41	747.97	755.51	737.91	662.14
65 Insurance (Life) (8)	1107.57	-0.5	–	4.99	–	0.00	1113.62	1082.94	1041.15	1015.13
66 Insurance (Composite) (7)	599.35	-0.7	–	5.34	–	6.78	603.62	600.95	594.43	539.15
67 Insurance (Brokers) (7)	987.12	+0.2	8.87	6.50	14.09	15.60	985.61	994.99	994.55	850.71
68 Merchant Banks (11)	344.14	-1.0	–	4.36	–	0.50	347.57	348.86	346.81	358.92
69 Property (53)	1345.80	-0.4	5.35	2.53	23.76	1.96	1350.64	1352.49	1345.69	1121.51
70 Other Financial (32)	387.53	-0.2	9.24	5.26	13.60	1.92	388.15	389.88	385.34	397.13
71 Investment Trusts (73)	1111.82	-0.4	–	2.82	–	6.18	1115.74	1117.05	1106.71	878.87
81 Mining Finance (2)	677.37	-0.7	8.55	3.19	12.91	2.50	682.43	686.92	686.92	450.65
91 Overseas Traders (8)	1485.49	+0.2	8.41	4.75	13.88	15.65	1483.12	1403.48	1388.81	1026.16
99 ALL-SHARE INDEX (709)	1095.79	-0.3	–	4.09	–	7.02	1099.58	1101.68	1091.27	938.36

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Mar 15	Mar 14	Mar 13	Mar 10	Mar 9	Year ago
FT-SE 100 SHARE INDEX♦	2112.6	-8.6	2132.5	2110.3	2121.2	2125.4	2103.0	2085.2	2075.9	1828.1

FIXED INTEREST

PRICE INDICES	Thu Mar 16	Day's change %	Wed Mar 15	xd adj. today	xd adj. 1989 to date
British Government					
1 5 years	118.31	-0.07	118.39	–	2.04
2 5-15 years	136.14	-0.15	136.34	–	2.32
3 Over 15 years	148.18	-0.15	148.41	–	3.99
4 Irredeemables	176.87	-0.24	177.29	–	1.51
5 All stocks	133.18	-0.12	133.35	–	2.73
Index-Linked					
6 5 years	132.49	+0.18	132.25	–	1.36
7 Over 5 years	133.92	+0.12	133.76	–	0.95
8 All stocks	133.73	+0.12	133.57	–	0.95
9 Debentures & Loans	118.27	+0.17	118.06	–	2.14
10 Preference	89.88	+0.12	89.77	–	1.12

AVERAGE GROSS REDEMPTION YIELDS		Thu Mar 16	Wed Mar 15	Year ago (approx.)
British Government				
1 Low Coupons	5 years	9.33	9.30	8.68
2	15 years	8.95	8.94	9.05
3	25 years	8.76	8.76	8.92
4 Medium Coupons	5 years	10.36	10.32	9.17
5	15 years	9.38	9.36	9.23
6	25 years	8.95	8.93	9.07
7 High Coupons	5 years	10.49	10.45	9.27
8	15 years	9.60	9.58	9.38
9	25 years	9.13	9.11	9.12
10 Irredeemables†		8.70	8.68	8.97
Index-Linked				
11 Inflation rate 5%	5yrs.	3.38	3.44	2.65
12 Inflation rate 5%	Over 5 yrs.	3.47	3.48	3.84
13 Inflation rate 10%	5 yrs.	2.56	2.61	1.74
14 Inflation rate 10%	Over 5 yrs.	3.32	3.32	3.68
15 Debs & Loans	5 years	11.64	12.08	10.76
16	15 years	11.20	11.31	10.61
17	25 years	10.75	10.72	10.61
18 Preference†		10.00	10.01	10.46

♦Opening index 2132.3; 10 am 2124.7; 11 am 2126.0; Noon 2118.1; 1 pm 2118.1; 2 pm 2118.5; 3 pm 2117.2; 4 pm 2113.1; 4.05 pm 2113.9 (a) 9:04am (b) 3.17pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 34p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	15	83	11
Corporations, Dominion and Foreign Bonds	0	11	32
Industrials	428	383	767
Financial and Properties	129	170	370
Oils	45	7	47
Plantations	2	1	9
Mines	41	21	122
Others	90	37	105
Totals	750	713	1,463

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. date	1988/89 High	1988/89 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§155	F.P.	-	171	155	Assoc. British Cnslts 20p	166		R5.25	2.7	4.2	10.3
245	F.P.	25/1	361	243	Compass Group 5p	359		R7.2	2.7	2.7	18.5
§100	F.P.	-	120	108	Europa Minerals 2p	120		b1.0	-	1.1	-
†	F.P.	-	95	70	*Hoskins Brewery 50p	95	+5	-	-	-	-
§47	F.P.	-	49	44	*Malaya Group 10p	46		b2.0	3.7	5.8	6.3
†	F.P.	14/4	269	230	NFC Var. Vtg. 5p	262½	+½	e7.0	1.8	3.7	18.5
§52	F.P.	-	78	52	♦Quilligotti 5p	78	+1	R2.0	2.4	3.4	13.8
§69	F.P.	-	80	69	♦R & V Info. Systs. NV 5c	76		Q2.3c	9.1	0.9	12.9
§125	F.P.	-	163	143	Ross Catherall 10p	161	+1	R4.45	2.9	3.7	12.3
§185	F.P.	-	210	195	Wood (Graham)	210		R7.7	2.6	4.9	7.8

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1988/89 High	1988/89 Low	Stock	Closing Price £	+ or -
100p	Nil	-	14pm	8pm	Aitken Hume 7pc(Net) Cv. Cm. Pf.	8pm	
§98.5	F.P.	3/4	98⅞	97½	Allied-Lyons 9¾pc Deb.2019	97½	
110p	F.P.	-	112p	110p	Brown & Jackson 10¾pc Cv. Cm. Pf.	112p	+1
101½p	F.P.	-	101½p	101p	C.H. Industrial 9⅝pc Cm. Rd. Pf. £1	101½p	
101p	F.P.	-	103¼p	101½p	Eng. & Int'l. Tst. 8⅞pc Cm. Pf	103¼p	
100	F.P.	-	109½	108⅝	First Scott. American 11½pc Db 2016	109½	
100p	F.P.	-	99⅞	98⅞	Greenall Whitley 10pc Deb 2014	98⅞	
-	F.P.	-	100⅛	99⅞	N'wide Anglia 12⅛pc 29.1.90	99⅞	
-	F.P.	-	100	99⅞	Do. 12⅛pc 26.2.90	99½	
-	F.P.	-	100	99⅞	Do. 12⅛pc 19.3.90	99⅞	
§99.1	£25	-	27⅞	25	Do. 4.25pc Index-Linked 2024	27⅞	
100p	F.P.	-	121p	105p	Sidlaw Grp. 8.5p (Net) Cv Cm Rd Pf	121p	
♦	F.P.	-	145½	135½	Smurfit (J.) 9¾pc Cv. Uns. Ln. Nts.	135½	
92.52	£30	-	30⅞	30	Taylor Woodrow 9½pc 1st Mtg Db 2014	30⅞	
97.10	£30	-	30⅞	29⅝	Tops Ests. 10¼pc 1st Mtg Db 2011/16	29⅝	-⅛

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1988/89 High	1988/89 Low	Stock	Closing Price p	+ or -
55	Nil	-	105pm	63pm	Glamar Group 10p	88pm	+10
45	Nil	21/4	26pm	7pm	Greenwich Resources	10pm	+2
375	Nil	-	92pm	76pm	LASMO	88pm	+11
250	Nil	-	185pm	168pm	*ML Laboratories 1p	173pm	
100	Nil	-	44pm	25pm	Noble Raredon	42pm	+15
Ir100p	Nil	-	70pm	65pm	Power Corp. Ir10p	70pm	
45	Nil	-	20pm	15pm	♦Spice 5p	15pm	-1
220	Nil	-	46pm	39pm	Stanley Leisure Grp.	41pm	+1
370	Nil	-	60pm	55pm	Watmoughs	55pm	-1

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. s Dividend and yield exclude special payment. e Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on Prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ψ Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". ‡ Introduction. § Placing price. †† Reintroduction. ♦ Issued in connection with reorganisation merger or takeover. ‡ Allotment price. ♦ Unlisted securities market. ♦ Official London listing. □ Including warrants entitlement. * Third Market.

TRADITIONAL OPTIONS

- First Dealings Mar 6
- Last Dealings Mar 31
- Last Declarations Jun 15
- For settlement Jun 26

For rate indications see end of London Share Service

Calls in Baynes C, Tusker, RegentCrest, Miller S, Floyd Energy, Glencor, Control Secs, TSB, Rutland, Plumb Hldgs, Utd Guarantee, Gateway, BAT, Utd News, Dalgety, Briden, Shorco Grp, Mrs Fields, Cons Murch, Dares Est, Astra Hldgs, Conway, Conroy. Put PE Intl, Astra Hldgs, Dixons

LONDON TRADED OPTIONS

BRITISH PETROLEUM, which has been one of the most active stocks on the London Traded Options Market for some days, careered away from a slumbrous field yesterday, attracting 6,072 contracts made up of 5,483 calls and 589 puts. The underlying share price gained a further 6p on the day, to 293p, on the back of the rising crude oil price and, it appeared, reassessment of the rival merits of oil companies. Over 4,000 contracts were traded *in the April calls on the* stock.

British Aerospace found some options trading in the wake of the previous day's profit figures, but not a great deal. The underlying share price recovered 1p of the previous day's 11p loss, to end at 559p. The option on the stock attracted more call business than put, but opening of put interest and closing in the call. Most of the call side of the trading lay in the May series, over a wide range of series.

The most heavily traded series in the stock was the May 500 call, in which there was a closing of interest, party balanced by an *opening in the May 390s, and* tempered by some other movements.

Dealings in the FT-SE 100 Index option totalled no more than 3,444 contracts, comprised of 2,129 calls and 1,315 puts, as the market digested the Budget statement and then the further considerations on the subject of the economy delivered by the Chancellor of the Exchequer on Wednesday. The index itself fell 8.6 points on the day to 2,112.6 – falling from an early morning peak for the day of 2,132.5, as UK wage figures threw an immediate challenge to the Chancellor's Budget assessment of inflation prospects.

Most of the options trading lay in the 2,100 to 2,200 March call series, but showed little change in open interest, any more than did dealings in puts.

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Allied Lyons (*490)	460	35	52	62	4	13	18
	500	12	27	41	20	33	38
Brit. Airways (*202)	180	25	30	32	1½	5	7
	200	9	18	24	6	13	16
	220	2	8	13	20	26	28
Brit Com (*222)	200	27	32	–	1	4	–
	220	9	19	25	5	12	15
	240	3	10	16	22	24	26

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Utd. Biscuits (*331)	300	35	44	51	1½	9	11
	330	12	24	34	9	19	21
	360	3	14	21	32	39	40
Ultramar (*296)	280	–	44	54	–	16	20
	294	16	–	–	14	–	–
	300	–	30	46	–	24	30
Woolworth (*280)	260	25	32	38	3	11	15
	280	11	20	29	12	20	25

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Amstrad (*154)	140	15	25	32	2	5½	7½
	160	4	15	20	9	16	19
	180	1½	6	12	27	29	30
Barclays (*439)	390	52	68	78	1	2	6
	420	22	43	53	3	7	13
	460	2½	15	28	23	28	33
Blue Circle (*539)	500	42	50	70	3	13	20
	550	8	24	40	18	34	40
	600	3	11	20	62	72	78

UK COMPANY NEWS

Jaguar plunges 51% to £47.5m but raises dividend

By Kevin Done, Motor Industry Correspondent

JAGUAR's pre-tax profits plunged 51 per cent to £47.5m in 1988 from £97m in 1987 and £120.8m in 1986. Earnings are expected to fall further this year under the impact of continuing heavy currency losses.

City analysts are forecasting pre-tax profits for the luxury car maker of between £35m to £40m in 1989. Earnings per share fell to 15.6p in 1988 from 33.8p in 1987 and 46.1p in 1986.

Jaguar said it would again have a negative cashflow in 1989, although cashflow should be neutral in 1990. Its net cash would fall further to around £30m at the end of the year from £70m at the 1988 year-end.

Despite the plunge in profits Jaguar is increasing its dividend to 11p from 10.5p, in an effort to maintain investor confidence in the run-up to the expiry of the Government's so-called golden share at the end of 1990.

The golden share protects Jaguar from takeover and limits its stakes in the company to a maximum of 15 per cent.

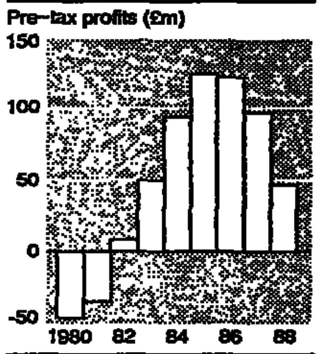
Sir John Egan, Jaguar chairman and chief executive, said the company had always made clear that it wished to remain independent.

"We don't expect to require any one else's help financially or technically." He said that offers of help, including the taking of "protective stakes", had been received from other car companies to help Jaguar remain independent. "We would not hesitate to ask for it if we needed it".

He insisted that the company would be profitable in 1989 and that it could fully fund its planned capital expenditure of around £110m a year in 1989 and 1990 together with planned spending of around £60m a year on research and development.

Jaguar

Pre-tax profits (£m)



The company is pinning its hopes on the success of a cost-cutting programme, begun last year, which is aiming to reduce costs by around 5 per cent or £50m a year. It is squeezing components suppliers and expects around half of its savings in 1990 to come from a cut in its £600m materials purchases.

At the same time the company is forecasting a modest increase in car production of around 4 per cent to 54,000 in 1989 and 55,000 in 1990. Last year production increased by 8 per cent to 51,939, some 4,000 cars less than originally planned, because of the unexpected drop in sales in the US.

Group turnover in 1988 rose by 7.3 per cent to £1.075bn from £1.002bn in 1987.

Wholesale car deliveries to dealers rose by 3 per cent to 50,603, while retail sales increased by 6.1 per cent to 49,494, despite a fall in sales in the US by 9 per cent to 20,727, the second successive decline in the crucial US market.

Ashley Ashwood

Sir John Egan, Jaguar's chairman and chief executive

Jaguar said yesterday that it expected sales in the US to recover to around 23,000 this year compared with sales of 24,464 in the peak year of 1986.

The company is again facing considerable currency losses this year in the face of the continuing weakness of the US dollar, as its protective hedging programme unravels.

Jaguar calculates that every decline of one cent in the dollar against the pound wipes some £3.5m off its pre-tax profits. Currency losses last year totalled £45m of which £35m was dollar related.

Capital expenditure in 1988 fell sharply to £104m from £132m in 1987. Jaguar said that the planned capital spending for 1989 and 1990 was sufficient to support its expected short-term production volumes and would leave future product investments unaffected.

Jaguar's capital expenditure had been rising steeply for much of the 1980s and its profits this year will again come under pressure from increasing depreciation which is expected to rise to £70m.

See Lex

Non-life turnround helps lift Legal & General to £132.5m

By Nick Bunker

A POWERFUL turnround in non-life insurance results following the damage done by the October hurricane in 1987, helped Legal & General Group improve pre-tax profits 94 per cent to £132.5m for the 12 months to December 31.

On top of that, for the third year running L&G has declared a special bonus for life assurance policyholders, producing an extra £10.1m exceptional profit.

L&G said the special bonus reflected the strong performance of its life fund, which last year made an investment return of 15 per cent.

It acknowledged, however, that 1989's growth in new life assurance sales in the UK was unlikely to match 1988, partly because of the way the downturn in the housing market affects endowment mortgage sales. L&G's sales were nevertheless holding up "remarkably well," said Mr John Elbourne, managing director (life and pensions).

The final dividend is raised to 9.1p, making a total 18.3 per cent higher at 13.6p. Profits attributable to shareholders were £105.9m (£61.6m), while earnings per share nearly doubled from 10.99p to 20.17p.

At the heart of the profits increase was L&G's buoyant non-life insurance portfolio in the UK, focused on household structure, commercial property, motor insurance and package policies for small businesses.

L&G made pure underwriting profits of £24.5m on UK non-life premiums of £255.4m, including a £35.4m profit on its property insurance account.

Besides 1988's mild weather, Mr Joe Palmer, group chief executive, attributed the strong non-life results to factors including a reduced expense ratio, partly due to streamlining of systems, and to closer concentration on its main business segments. "These should help cushion us from the pressure on margins we can expect as a result of the cyclical nature of the industry," he said.

One surprisingly strong element in the figures was Victory, L&G's London market reinsurance subsidiary, which made a £4.3m underwriting profit on £72m of non-life premiums, before £8.4m of investment income. These figures actually related to 1986, the reinsurance market's big recovery year after the price war of the early to mid-1980s.

On the life assurance side, where profits worldwide before the exceptional item rose 12 per cent to £85.4m, the star performer was L&G's UK with-profits business, where profits were up 26 per cent at £50.5m.

● Profits before tax at Refuge Group, the life assurance company, advanced strongly during 1988, rising from £9.81m to £14.77m.

Tax took £1.24m (£787,000), and after minorities of £21,000 (profit of £10,000), earnings per 5p share worked through at 26.98p, up from 18.73p in the previous year.

The recommended final dividend of 14.5p gives a total of 21p (18p) for the year.

See Lex

DIVIDENDS ANNOUNCED

Antler §	fin	3.6	May 18	2.2	5	3.5
Arley	fin	2.2†	-	-	3.4	-
Armstrong Equip	int	1.25	May 19	1.1	-	3.5
ASD §	fin	6.5	-	5	12	9.5
Assam-Dooars	fin	11	-	10	11	10
Attwoods	int	2.5	July 31	2	-	7
Baynes (Charles)	fin	0.5	May 15	nil	0.5	nil
Beauford Group	fin	3.2	-	2.8	4.6	4
Bellway	int	4	July 3	3	-	10
Carbo	fin	3.6	—	—	5.7	—
Cattle's	fin	2†	May 12	1.5	3.25	2.5
Clarke (T)	fin	3.0625	May 5	2.3725	5‡	3.212
Close Brothers	int	2.2	Apr 13	1.65	—	5
Doeflex	fin	2.35	May 20	2.3	3.5	3.45
Edinburgh Fund	fin	6.5	-	5.5	10.5	9.5
Interlink §	int	3.75	Apr 21	3.25	-	6.9
Jacques Vert §	int	9.5☆	-	-	-	8.5
Jaguar	fin	7.3	May 11	6.8	11	10.5
Johnston Press	fin	2.5	May 9	-	3.5	-
Laidlaw Thomson§	fin	3.5	—	3.25	5.12	4.79
Lancaster	fin	2.7	May 23	2.1	4	2.1
Legal & General	fin	9.1	-	7.7	13.6	11.5
Lyon & Lyon	fin	3.96	May 26	3.3	5.76	4.8
Merch Manufact §	fin	2	-	-	3	-
Oakwood Group	fin	4†	June 1	1	5☆	1
Refuge Group	fin	14.5	-	12.25	21	18
SD-Scicon	fin	0.475	May 31	0.4	0.75†	0.65
Second Mkt Inv	fin	0.33	-	0.33	0.33	0.33
Simon Eng	fin	10†	July 1	8.8	13.5	11.5
Sirdar	int	1.65	May 8	1.65	-	5.15
TSW	int	1.15	-	0.9	-	3.15
United Biscuits	fin	8	July 3	7	12.5	11

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ΦThird market. ☆In respect of 15½ months accounting period; final to come. ☆For 15 months. ‡Includes special centenary payment of 1p.

Intl City disposal to MAI

By Nikki Tait

INTERNATIONAL CITY Holdings, the UK financial services concern specialising in money and securities broking, yesterday announced that it was selling its securities division to MAI, which has interests ranging from financial services to market research and poster advertising.

MAI is paying £12.3m for the division – which takes in MKI Investments, Charles Fulton (IDB) and Charles Fulton Equity IDB – plus repaying £6.7m of inter-company debt.

Yesterday, ICH said that discussions which might lead to an offer being made for the entire company were still continuing. These were first announced in mid-January and various possiblities – ranging from LIT Holdings to potential Japanese interest – have been mooted.

The current sale is conditional on shareholders approval. However, the largest shareholder, Throgmorton Trust, with 28.1 per cent of the equity, has given its irrevocable backing to the sale.

The securities division was largely responsible for the very sharp fall in pre-tax profits at ICH in the last full year to end-July. Profits fell by 44 per cent to £9.6m, with the securities broking side showing a loss of £0.9m against a profit of £6.61m a year earlier.

According to management accounts for the six months to end-January 1989, losses before tax in this period rose to £2.6m in the securities division, with turnover of £11.2m. Net tangible assets were put at £14.5m. Yesterday, MAI suggested that about half the losses had come in the US.

However, the purchaser maintains that it can get significant operational benefits from combining these interests with its existing broking operations. MKI, the US corporate bond broking business, will continue to operate independently but the other businesses will be combined.

One business, ICH's inter-dealer broker in gilts, has been closed immediately. It employed around 30 people, of whom about half a dozen are being transferred elsewhere within MAI. However, MAI said that it saw good prospects for the equity IDB business, and this would be developed.

Some £13m of the consideration will be paid immediately and a further £6m in 12 months time. MAI can retain the Charles Fulton name for up to three months after completion, when it reverts to ICH. Regulatory approvals are also needed for the deal.

Moxley Jenner

Moxley Jenner and Partners (London), a multi-disciplinary architectural practice, has asked us to point out that it is no longer connected with Moxley Jenner bought by Company of Designers three days ago.

Second Market Inv

Second Market Investment Company earned 0.62p per share in 1988 (90.57p) and is holding its dividend at 0.33p. Diluted net asset value at December 31 was 176.8p (132.2p).

Piccadilly forced to cut rates

By Ian Hamilton Fazey, Northern Correspondent

PICCADILLY Radio, the Manchester-based independent commercial station which is facing a takeover bid from the Miss World entertainments group, has suffered a large drop in listenership and has had to cut its advertisement rates.

The drop was revealed in figures compiled for last year by Research Services GB for Jicrar, the Joint Industry Committee for Audience Research.

They showed that the number of people listening each week fell by 21 per cent to comprise only 29 per cent of the potential audience.

In contrast, the Red Rose radio group, which is owned by Miss World, put on 21 per cent more listeners last year.

Mr Rod Calbrade, a director of TMD, a Manchester advertising agency, said: "We are pressing for rate reductions and so are others. I am afraid that the drop in listenership is a symptom of there being something fundamentally wrong with Piccadilly's programming."

Storehouse selling French investment for £20m cash

By David Waller

STOREHOUSE, the retail group headed by Sir Terence Conran, has continued the restructuring of its peripheral interests with the sale of its 20 per cent shareholding in Fnac, the French books, hi-fi and video chain, for FFr217m (£20m) cash.

Storehouse, which first bought the holding in July 1985, is now selling it to its majority partner in the French retail group, Garantie Mutuelle de Fonctionnaires. The sale will generate an extraordinary profit after tax and expenses of £6m for the current year.

In the year ended August 31 1988, Fnac produced turnover of FFr 480m (£44m) and pre-tax profits of just FFr76m (£7m). In the year to September 2 1988, Fnac contributed £600,000 to the UK's group pre-tax profits.

The price fetched for the stake pleased the City and the shares gained 2p to 175p against the trend of the market.

When Storehouse first bought the stake via its Habitat Mothercare subsidiary, there were grand plans to extend the Fnac retailing concept beyond France into other countries. However, Storehouse found itself unable to exercise management control and the plans came to nothing.

The disposal was not unexpected and followed only two days after the group sold its half share in the Savacentre hypermarket to Sainsbury for £123m. Earlier this month, the company announced a joint venture with London & Edinburgh Trust to develop its BhS property portfolio.

All these moves have been interpreted as being part of a plan to spike the guns of Mr Asher Edelman, the Switzerland-based arbitrageur who has accumulated a 7.1 per cent stake in the group amid much speculation that he is planning a takeover bid.

Mr Michael Julien, chief executive, said the disposal was in line with the group's strategy of streamlining its operations and focussing management 's attention on the core activities.

British Telecom Telehouse stake

By Hugo Dixon

British Telecom has acquired a 12 per cent stake in Telehouse International Corporation of Europe, which provides a high-security computer garage in Docklands in the East End of London.

Telehouse is a joint venture between KDD, the Japanese telecommunications company, and Nomura Securities, the Japanese financial group.

UK COMPANY NEWS

Catching up with Birds Eye in fight for frozen foods market

Interest costs hold UB to 16% profit rise

UNITED BISCUITS (Holdings), the food and restaurants group which dominates the UK biscuit and savoury snacks markets, lifted pre-tax profits by 16 per cent, from £147m to £170.2m, in 1988. The advance failed to match a 22 per cent rise in turnover to £2.38bn because of higher interest costs.

Those, in turn, reflected UB's £335m cash purchase of Ross Young's, the frozen foods company, from Hanson. Ross Young's contributed £21.8m in trading profits in its first eight months in UB and participated in the improvement in frozen foods' trading margin from 4.1 per cent to 6.7 per cent.

The combined operation has nearly 20 per cent of the frozen foods market, a 3-point rise from a year ago and only 1 point behind Birds Eye, said Mr Robert Clarke, chief executive. He emphasised that the Ross Young's deal had not resulted in a dilution of earnings as some analysts had feared.

Fully diluted earnings per share rose by 10 per cent to 25.2p (22.9p). A final dividend of 8p raises the total by 14 per cent to 12.5p (11p).

1988 RESULTS BY ACTIVITY £m	Turnover	% change	Trading profit	% change
UB Brands (UK biscuits)	822.1	+ 8	87.9	+ 16
KP Foods* (snacks)	340.8	+ 15	32.4	+ 11
Frozen foods	446.9	+299	30.0	+552
Restaurants	147.3	+ 11	10.7	+ 22
Keebler	723.1	+ 6	39.1	+ 17
Other	117.3	− 51	3.0	− 78
Inter-company sales	(17.2)	− 14		
Unallocated costs			(10.4)	+ 22
Total turnover	2,380.3	+ 22		
Interest			(21.1)	+124
Profit sharing			(1.4)	+ 17
Pre-tax profit			170.2	+ 16

*Includes Ross Young's from May 1

UB also joined the move towards including brand values in its balance sheet, introducing a figure of £106.5m for the "fair value" of the Ross Young's brand and that of Callard & Bowser, the toffee maker bought for £26m in July 1988.

Sir Hector Laing, chairman, made clear, however, that UB would not put values on any of its other brands until the question of accounting standards was cleared up. In any case, UB would not value brands if it turned out that they had to be depreciated through the profit-and-loss account.

He also confirmed UB's interest in buying the Canadian and, especially, the continental European operations of RJR Nabisco, "provided they go at a price we can live with."

UB's share of the UK biscuit market slipped from 46.9 per cent to 46.7 per cent, but "core" brands such as Hob Nobs showed healthy rises.

Similar performances were reported by Terry's, the chocolate division which now includes Callard, and Keebler, the US biscuits and snacks manufacturer.

The only UB activity to show a decline in trading margin was KP Foods, the snacks division, where continental operations suffered not only from exchange rate fluctuations, but also from lower profits in the face of fierce competition.

In the UK, KP Foods increased its share of the snacks market from 34 per cent to 38 per cent, showing rises across the board, in nuts, crisps and other products (where Hula Hoops alone claims 20 per cent of the market).

In restaurants, Pizzaland continued its recovery, while Wimpy also improved trading margins.

The tax charge was £52.8m (£48.3m), for a slight fall in the effective rate to 32.2 per cent. Minority interests were 11 times higher at £3.3m (£300,000).

An extraordinary credit of £49.4m (£7.9m debit) reflected the net profit on the disposals of Specialty Brands and CG Leasing.

UB shares closed 6p lower at 331p.

● COMMENT

UB continues to confirm its image as a kind of juggernaut of the food business: 50 per cent of the UK biscuit market, 40 per cent of snacks, and now 20 per cent of frozen food. If there is any bid premium in the shares, that is probably mistaken; the business is too tightly run to make it worth the predator's while. If anything, the risk is the other way. UB would dearly love to get hold of Nabisco's European operations, Belin in France especially. The worry is that it might pay too much – though the Ross Young figures do not suggest that it has lost its eye for a deal. At 331p, the shares are on maybe 11¼ times this year's earnings, which can scarcely be excessive for a business of this quality – especially when its main UK competitor is on the auction block.

Attwoods advances to £8.5m

By Vanessa Houlder

ATTWOODS, waste disposal group, yesterday announced a 49 per cent gain in pre-tax profits from £5.73m to £8.51m for the six months to the end of January. Turnover rose by 54 per cent to £62.4m from £40.5m.

Mr Ken Foreman, chairman, said that negotiations were underway for three acquisitions, one in mainland Europe and two in the US, costing a total of $70m.

In the UK, which accounts for a quarter of sales, a strong performance by its main subsidiary, Drinkwater Sabey was offset by a poor first half from JM Roper. It swung from a £500,000 profit into a £200,000 loss as a result of the depressed market for reclaimed graphite. The graphite business may now be sold.

Gearing rose from 22 per cent at the financial year end to 45 per cent at the end of January.

The tax charge dropped from 28 per cent to 21.6 per cent, due to the preference share issue last year. Fully diluted earnings per share increased by 9 per cent to 8.67p (7.95p). Earnings per American Depositary Receipt advanced, on a fully-diluted basis from 68.37 cents to 75.97 cents. An interim dividend of 2.5p was proposed, an increase of 25 per cent.

● COMMENT

There are two ways of reading Attwoods' 15 per cent outperformance this year, which has taken the shares up to a p/e of 17 (based on pre-tax profits of £23m for the year and a share price down 3p to 389p). On the face of it, the improved rating is a clear response to January's purchase of a 28 per cent stake by Laidlaw Transportation, North America's third largest waste management company. Although Laidlaw has said it will not increase its stake for two years, its presence justifies a speculative premium. But leaving Laidlaw aside, Attwood's greater popularity can also be justified by the green effect. Indeed, Attwoods' rating is still decidedly low for an acyclical sector which offers rapid growth to respectable players as tougher environmental legislation prices the cowboys out of the business. Accordingly, Attwoods looks like a classic two-way bet - although the steepness of its recent rise may prompt a period of consolidation.

Southern Business buys

By Patrick Butler

SOUTHERN BUSINESS Group, a photocopier and vending machine contractor, is to buy GKW Holdings for £8m in cash and shares.

The deal involves a cash payment of £1.5m and the issue to GKW of 649,000 new shares worth £4.5m.

In a separate development, Southern Business is raising £4.5m by placing up to 1m new shares at 450p each.

Mr David McErlain, managing director, said this money would effectively repay Southern Business's hard core borrowing. "From our point of view it's a very neat operation."

GKW made estimated pre-tax profits of £600,000 for the year to end-December 1988.

Southern Business posted a 66 per cent rise in pre-tax profits to £6.8m for the year to September 30 1988. For the same period, turnover increased by 49 per cent to £19.3m.

Restructuring costs hit TSW

By John Ridding

TSW, the independent television contractor for south-west England, yesterday announced pre-tax profits of £1.62m for the six months to January 31 1989, a 17 per cent fall compared with profits of £1.96m for the same period last year.

The reason for the decline was a £1.1m exceptional item arising from the company's restructuring, and particularly the voluntary redundancy of 50 employees, and provisions for further departures over the next six months. Excluding the exceptional cost profits rose by 39 per cent to £2.72m.

The basis for the increase in underlying profits was a 19 per cent rise in turnover to £21.76m (£18.26m). The principal factors were a 15 per cent lift in advertising revenues - compared with 13.8 per cent for the network as a whole - and a strong improvement in programme sales.

Mr John Roberts, finance director, said the figures showed a "very strong trading performance". Advertising revenues had benefitted from the increased vitality of the south west's economy and programme sales had been boosted by the network showing of two of TSW's children's programmes.

For the period covered in the results earnings per share were 4.65p (5.51p), a decrease of 16 per cent. However, Mr Roberts said that because the figure before the exceptional item was 7.81p, a 42 per cent increase, the board had decided to pay an interim dividend of 1.15p (0.9p).

The decision to rationalise the company reflects TSW's attempts to improve productivity ahead of the bidding for independent television franchises in 1992. Other companies, notably LWT, have taken similar steps.

TSW intends to continue the process of rationalisation.

UK COMPANY NEWS

Simon Engineering rises to £32.4m

By Andrew Hill

SIMON ENGINEERING, which has spent the past year refocusing its business on high margin areas, increased pre-tax profits by 37 per cent to £32.4m in 1988, compared with a disappointing £23.5m last time.

The group said yesterday it was looking for a buyer for Drake & Scull Engineering, the mechanical and electrical subcontracting subsidiary which it bought for £23m six years ago.

During 1988, Simon withdrew from the manufacture of food machinery in Europe and sold almost all its chemical merchanting activities. It also spent more than £38m on acquisitions, which contributed £10m of operating profits.

Mr Roy Roberts, chairman, said the company would be looking for further purchases during 1989, particularly in access equipment, paper engineering and water and waste treatment.

Turnover was up just over 9 per cent to £592m (£541m) and earnings per share rose from 24.4p to 32.8p. A final dividend of 10p is proposed making 13.5p (11.5p) for the year.

Simon also provided for the gradual running down of the Hong Kong mechanical and electrical engineering operation with a £3.99m extraordinary charge.

The manufacturing division increased profits to £13.9m (£7.07m) before tax on turnover of £176m (£114m). In 1987, profits at the engineering contracting division more than halved to £4.22m, but in 1988 they jumped back to £11m – above the 1986 level – on sales of £257m (£201m). The services division turned over £93m (£79.9m) and made £8.44m (£8.16m) before tax.

Gearing stood at 10 per cent at the year-end, and Simon paid £1.84m in interest on borrowings, against £1.07m received in 1987.

● COMMENT

Last year's worries about Simon's contracting business seem to be evaporating, as the climate for contractors improves. In any case, the sale of Drake & Scull, which accounts for about half of the contracting division's turnover, combined withacquisitions in other sectors, will reduce the proportion of group profits coming from such business. Last year's refocusing has concentrated investors' attention on the growing manufacturing business, two-thirds of which is in firefighting and access equipment, where Simon claims to be the international market leader. The balance of manufacturing profits comes from waste water and sewage treatment and the group hopes to capitalise on the impending shake-up in the UK water industry. Analysts, impressed by the ease with which Simon has coped with last year's hectic programme of acquisitions and disposals, are forecasting pre-tax profits of up to £40m in 1989. The shares, up 8p to 367p yesterday, are beginning to look attractive again on a prospective multiple of between 9 and 10.

Mr Roy Roberts, chairman: looking for further purchases

Bellway raises £20m as profits advance 71%

By David Waller

BELLWAY, the Newcastle-based housebuilder which has recently increased the pace of its expansion into the Midlands and the south east, yesterday reported interim pre-tax profits up 71 per cent to £5.67m.

It also announced plans to raise £20m via a preference share issue – a substantial boost to its balance sheet given that shareholders' funds stood at £40m at the year end.

Booming sales of houses in the north of England offset a static market in the south to help Bellway achieve the same 71 per cent increase in earnings as in profits during the six months to end-January.

Mr Alan Robson, finance director, said there had been a real fall in prices in the south. He argued that the time was right to build up the company's land-bank there in anticipation of an upturn in the housebuilding cycle.

The money raised will initially be used to cut borrowings but will ultimately be spent on buying land or other housebuilding companies in the south.

The gross redeption yield on the the 20m new cumulative redeemable preference shares 2014 was fixed at 13.552 per cent. The dividend rate will be 9.5 per cent.

Three-quarters of the new shares will be placed with institutional shareholders and the balance with Bank of Scotland. There are no plans to offer them to existing shareholders, although they need to approve the issue. The reasoning is that ordinary shareholders are likely to benefit from earnings enhancement, given that the company's return on capital is close to 25 per cent, more than double the cost of funds. By contrast, an issue of equity via a rights issue would be a dilution.

In the half year, Bellway sold 800 (600) homes, divided equally between the north and south of England. Turnover rose to £51.24m (£35.34m) and earnings to 14.4p (8.4p). The interim dividend is 4p (3p).

Norcros in £8m buy from BET

By Nikki Tait

NORCROS, the industrial manufacturing group, yesterday announced that it was buying the Metlex Industries business from BET, the international services group, for about £8m cash.

Metlex is based in Croydon and makes and supplies bathroom fittings and electric showers. Norcros says the deal will help to broaden its range of bathroom products. Annual sales of Metlex are put at around £7m.

The deal is subject to Office of Fair Trading approval. Norcros already owns Triton, through which it has a significant interest in the electric and electronic shower market. However, the company says its share of the overall shower market is under 20 per cent.

Meanwhile, BET announced yesterday that it was paying around £480,000 in shares, loan stock and cash for the acquisition of two privately-owned compressor hire companies. These will form part of its Rentair subsidiary.

The companies involved are Avonmouth Plant Construction Company and APC (Plant Hire). The number of shares which will be issued in respect of these acquisitions is 108,696.

Aspen purchases three companies for up to £25m

By Ray Bashford

ASPEN Communications, the USM-quoted corporate video, media, mobile communications and specialist printing company, is expanding existing operations through the acquisition of three companies for up to £25m.

The company is acquiring Intermark, a privately-owned direct marketing agency, Heanor Gate, a specialist advertising and promotional printing group and Crystal Film and Video, a hirer of equipment and personnel to the television services industry.

The initial payment for Intermark and Heanor Gate is £8.12m in cash and the issue of 445,931 shares to the vendors. Deferred payments totalling £13.9m are linked to the achievement of profit targets.

Of the initial cash payment, £3.8m has been raised through a placement with institutions at 560p a share while £4.3m will come through an offer to shareholders at the same price on the basis of 10 new shares for every 71 held.

The initial terms are: Heanor Gate £4.8m cash and 315,973 shares; Intermark £3.32m cash and 229,958 shares and Crystal £212,500 cash from Aspen's own resources and 43,815 shares.

Heanor Gate returned a pre-tax profit of £1.05m in the year to November 30 against £449,000 in the previous 12 months, Intermark pre-tax profits in the 12 months to December 31 of £656,000 (£347,000) and Crystal pre-tax profits of £60,000 (£27,000) in the year to April 5.

Aspen directors estimate that group pre-tax profits for the year to December 31 were at least £4.95m, an increase of 45 per cent over the previous 12 months. They expect to pay an increased annual dividend.

BTR in $38m expansion in Italy and France

By Clay Harris

BTR, the industrial conglomerate, is to pay $28m (£16.2m) for Irga, Italy's largest manufacturer of roll covers for paper machines. It is also buying out its partner in a French joint venture in the same industry for $10m.

Irga has three factories in northern Italy, from which it supplies roll covers and spreader rolls not only to the local paper industry, but also to manufacturers elsewhere in southern and eastern Europe.

Irga has been a licensee of Stowe Woodward, the central company in BTR's paper group, for five years.

In France, BTR is buying out its partner in Gerland Stowe Woodward, a roll cover manufacturer and supplier to the steel, textile and plastics industries. Through this company, BTR's paper group is also getting its first foothold in Spain.

The acquisitions will enhance BTR's world leadership in the manufacture of "clothing" for paper machines. The paper group earns more than any other activity of BTR.

When BTR announced its 1988 results on Wednesday, Mr John Cahill, chief executive, said the group hoped eventually to buy out its licensees in Sweden, Australia and Japan.

Baynes back in the black

By Nikki Tait

CHARLES BAYNES, the Cardiff-based shell company where South African entrepreneur Mr Bruce McInnes moved in 17 months ago, yesterday announced pre-tax profits of £1.68m – compared with a £1m loss in the previous year. Sales were £22.4m.

The company is also returning to the dividend list with a payment of 0.5p a share. Second half profits showed a considerable improvement on the £0.56m made in the first half.

Baynes says that its Ancon, stainless steel fastener and fixing business, had a particularly good year, while Stainless Steel Fasteners and Charles Baynes Engineering both showed an improvement. At TKR, which made a loss in 1987, there was a turnaround to a profit of over £100,000. The picture was less happy at Kent Aerospace Castings, however, which suffered mid-year from lack of orders in one of its three businesses.

The company says that it ended the year with cash in hand and short-term investments of over £2.5m. A property revaluation has also produced a £2.4m surplus.

Baynes says that it is still looking actively for acquisitions, while Mr McInnes comments that the group was close to clinching several deals during the year but they eventually fell through. Two small share purchases will this year result in a profit of around £100,000, he said.

Lancaster steps up a gear with rise to £4.4m

By John Thornhill

LANCASTER, the retail motor group, lifted pre-tax profits to £4.4m in 1988, an increase of 52 per cent on the previous year's £2.89m.

Mr Jeremy Brown, chairman, said that it had been a good year for the group and for the industry. But although the motor trade was generally very buoyant, there was evidence of a weakening of the market in the last quarter.

Sales of new and used cars were up to the company's expectations, and turnover rose 34 per cent to £150m (£111.57m).

Earnings per share rose to 16.8p (13p), and a final dividend of 2.7p makes 4p (2.1p) for the year.

The specialist car division, with Mercedes-Benz, Porsche, BMW, Jaguar and Ferrari franchises, produced an exceptional performance, Mr Brown said, and accounted for 65 per cent of profits. The only limitation on its performance was that demand outstripped the manufacturers' ability to supply new vehicles.

The Volvo, Audi, Honda and Toyota dealerships, which form the premium cars division, produced 18.5 per cent of the profits. But problems with relocating the Brentwood premises and an underperforming Colchester dealership restrained growth.

The commercial vehicle, contract hire and bodycentre activities were also progressing well, Mr Brown said.

Mr Nicholas Lancaster, managing director, said that the group was setting up a pilot scheme with Halfords to develop a used-car centre in Altrincham, which would promote a "hassle-free, user-friendly" service.

"We want to distance ourselves from the Arthur Daly syndrome of second-hand car salesman," he said.

Mr Brown said that, due to the credit squeeze, there would be pressure on margins during the year but claimed the group was well-placed to weather the new trading conditions.

● COMMENT

Lancaster, like all motor dealers, has done well on fat trade, but the test will now come as the market becomes lean. The company has invested heavily in the past few years and this should bear fruit at some time in the future, but it is not exactly clear when. The expanding bodycentre repair activities provide room for growth and the venture with Halfords is an innovative idea which could develop into an interesting avenue of business. But these evolving businesses will not feed through into significant results for a few years yet. Given the market conditions, it is difficult to be anything other than lukewarm about the company's present prospects. Profits of £5.6m would give a prospective p/e ratio of just under 7. This appears cheap given Lancaster's long-term potential but would seem to offer few fireworks in the immediate future.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- Bellwinch, Domestic & General, HTV, LWT, SPS Consultancy, Walker (Thomas).

Finals- Church, Estates & General, Ingham (George), Jones (A), Mysoo, New Guernsey Securities, Securities Trust, Swanica Calli-loss, Sykes Pickavant, Yeoman Inv Trust.

FUTURE DATES

Interims-

Castle Communication	Mar. 28
GR Holdings	Mar. 21
Finals-	
Brake Brothers	Mar. 22
British Mohair	Mar. 22
Clifford Foods	Mar. 30
Duncan (W) & Goodricke	Mar. 22
Emess	Mar. 22
Garton Engineering	Mar. 23
Hogg Robinson & Gardner	Mar. 30
Jacob (W & R)	Apr. 5
Jones & Shipman	Mar. 22
Lilley (FJC)	Mar. 30
Peek	Mar. 21
Psion	Mar. 29
Relyon	Mar. 22
T & S Stores	Apr. 4
Waterford Foods	Mar. 22
Willis Faber	Mar. 30
Wilson (Connolly)	Apr. 5

York shock absorber plant seeing benefits of corrective action

Armstrong Equipment over target midway

By Clare Pearson

ARMSTRONG Equipment, maker of industrial fasteners and shock absorbers, has reported interim results slightly ahead of the forecast it made during the recent successful defence against the £82m bid from Wardle Storeys, the plastic sheeting and survival equipment group.

Pre-tax profits for the six months to end-December came out at £2.9m, which compared with £3.4m in the same period last year restated to take account of a change in accounting for the pension contribution holiday. The company predicted a rise of at least 49 per cent to £8.5m for the full year, with £5.7m coming through in the second half, before the bid failed in January.

Problems at the York shock absorber plant, which were central to the debate during Wardle's bid, principally accounted for the profits downturn. Mr Roy Watts, chairman, said all the necessary corrective action had now been taken and the benefits were emerging.

This half year the fastenings division proved the disappointing area with two constituent companies making a combined contribution about £500,000 below budget. Mr Watts said in the case of one company there had been difficulties in changing working practices. The other, an acquisition, had taken longer to integrate than expected. In both cases, the problems had been dealt with, he said.

Comparing the interim period with the second, rather than first, half last year, the automotive division contributed to profits before interest £1m (£300,000), fastenings £1.6m (£2.2m) on sales of £24.4m (£27.3m), engineering £500,000 (£400,000), and international £1.3m (£1.3m). Return on sales overall improved to 6.4 per cent (5 per cent).

The company spent about £4m on a new automotives acquisition in Spain during the period, and about £4.5m in capital expenditure. The sale of surplus properties in Coventry in January has now reduced gearing to about 35 per cent.

The costs of the bid defence contributed £1.2m to a £1.3m extraordinary item. Earnings per share came out at 3.9p, against 5.1p in the first half last time. But the interim dividend is increased to 1.25p (1.1p).

● COMMENT

With Caparo Group, part of Mr Swraj Paul's Caparo Industries, having lifted its stake to 15.8 per cent, the speculative cloud surrounding Armstrong's shares persists. So, assuming the company slightly outperforms its forecast for the current year, the prospective p/e is nearly 12.5. However, not everyone is convinced the company provides much attraction to a predator, and certainly none emerged during Wardle Storey's recent assault. From a trading point of view, the management does appear to have turned around York more quickly than had been thought; but on the other hand the fastenings division presents a rather lacklustre picture, while the international division's performance in the half looked static both in sales and profits.

Berry Birch shares plunge following warning of loss

By Philip Coggan

BERRY, BIRCH & Noble, the USM-quoted financial services group, yesterday warned that it would make a loss in the year to January 31 1989 and would pass its final dividend. The news caused the group's shares to plunge 25p to 55p by early afternoon yesterday.

The company's two main areas of operation – financial services and micro-electronics – both incurred problems. The financial planning business suffered from the after-effects of the 1987 stock market crash and the downturn in the housing market in the second half of 1988 caused poor results in the group's mortgage business.

The pension and trust management business enjoyed a high level of activity but insurance companies frequently delayed payment of the consequent commission income. However, the insurance broking activity produced satisfactory results.

Berry, Birch & Noble said that the whole of the financial service business suffered as a result of abortive discussions with a potential offeror. Those discussions were terminated in December 1988 and Mr Ron Springall, chairman, said he was not looking for a purchaser.

The financial services division will have broken even last year; micro-electronics will have made a loss. Berry, Birch & Noble said that recently-discovered errors in accounting for stocks and work-in-progress appeared to have caused misstatements of the group's interim results.

The errors apparently related to a computer system miscalculating the average price at which stocks had been bought. The loss attributable to Berry, Birch & Noble's 50 per cent interest in the business is likely to be over £100,000.

Mr Springall said that orders were bounding ahead for the micro-electronics business and he expected the problems to be rectified this year.

Berry, Birch & Noble reported interim pre-tax profits of £257,000 and its last full year pre-tax profits were £926,000. It joined the USM in October 1986.

Absence of exceptional charges boosts Youghal

In 1988, Youghal Carpets (Holdings) increased its pre-tax profit from I£603,000 to I£990,000, or £822,000.

Nearly the whole of the increase was attributable to the absence of exceptional charges, against £344,000 in 1987.

Turnover of this carpet maker, spinner and dyer rose from £51.33m to £69.17m, and operating profit increased to £2.22m (£2m).

Earnings came out at 0.67p (1.04p). There was extraordinary income of £86,000 (£678,000).

Sirdar falls to £3.85m as hand knitting market remains flat

By Alice Rawsthorn

SIRDAR, the Yorkshire-based textile group which is suffering from the continuing slump in the hand knitting market, saw pre-tax profits fall from £3.91m to £3.85m in the first half of the year.

For the past two years Sirdar, like the rest of the UK hand knitting industry, has been hit by a sharp decline in demand. Mr Gerry Lumb, managing director, said demand had fallen further in the first half because of the unusually mild winter weather.

Sirdar has diversified into new activities – carpet tiles, soft furnishings and hotels – but the contribution from these areas was not sufficient to offset its difficulties in hand knitting.

Earnings per share fell to 4.45p (4.52p) in the six months to December 30. The board proposed an unchanged interim dividend of 1.65p.

The hand knitting division saw sales slip to £14.5m (£15.1m) and profits to £1.5m (£2.3m). Sirdar has cut costs – chiefly by reducing its ancillary workforce – and is concentrating on maximising profits from lower volume.

Burmatex, the carpet tile company acquired two years ago, increased sales to £7.8m (£6.9m) and profits to £2.2m (£1.7m). Sirdar has invested about £1.5m on a new building and equipment in the past year and intends to invest a similar ammount over the next year.

Eversure, which makes curtains and cushions, saw sales rise to £7.2m (£6.5m) and profits to £570,000 (£430,000). Acropolis Hotels, a recently-formed joint venture, contributed £168,000 (£22,000). The existing hotel is being expanded and Sirdar is finalising plans for a second.

Mr Lumb said there was no real sign of recovery in hand knitting but Sirdar should produce an increase in profits for the full year.

● COMMENT

For years Sirdar was bandied about as the model of a modern manufacturing company. Until recently it seemed to be trapped in a virtuous cycle of steady investment, surging productivity and soaring profits. But it is now beset by the unfortunate fact that even model companies can not escape unscathed from cyclical slumps in demand. Sirdar is at least faring better, or less badly, than its less virtuous competitors. But it has already cut costs as far as possible without jeopardising its prospects when the market recovers. Sirdar should muster £7.2m or so this year putting the shares – down 1p at 109p yesterday – on a prospective p/e of 12½p. In the meantime all investors can do is wait until demand recovers, or until a predator realises – as Allied Textiles has already done – just how profitable Sirdar will be when hand knitting is hauled out of thedoldrums.

News Digest

LYON & LYON

Investment income boost

A special dividend from an investment in unlisted shares helped Lyon & Lyon, Batley-based motor dealer, to almost double its taxable profits in 1988.

The pre-tax figure of £927,000 (£480,000) included an exceptional item of £253,000 (nil). Turnover was £3.5m higher at £20.5m.

Earnings per share were 19.75p (8.55p) or 14.61p, excluding the exceptional item. The directors are proposing a final dividend of 3.96p for a total of 5.76p (4.8p).

The tax charge of £285,000 (£196,000) left attributable profit of £642,000 (£284,000). The figure for 1987 was further reduced by an extraordinary charge of £87,000 relating to the cost of abortive acquisitions.

MERCH. MANUFACT

Sharp boost to £4.32m

Merchant Manufactory Estate Company, the commercial property investment and development group which came to the USM last April, more than doubled pre-tax profits from £2.11m to £4.32m in 1988.

Turnover leapt to £24.48m (£5.32m). After tax of £1.08m (£752,060), fully diluted earnings per share rose to 13.09p (9.2p). A final dividend of 2p gives a total of 3p for the year.

T CLARKE

Centenary cheer

T Clarke, an electrical engineer and contractor, lifted taxable profits 64 per cent from £1.54m to £2.52m in 1988. Turnover expanded just over 50 per cent to £45.59m.

Earnings per 10p share were 16.04p, up from 9.72p in the previous year. The proposed final dividend is lifted to 3.0625p and the directors also announced a special centenary payment of 1p making a total of 5p (3.212p) for the year.

LEIGH INTERESTS

£3.2m purchase in Colchester

For a consideration of some £3.2m, Leigh Interests is buying Ronald F West, a waste disposal contractor operating in the Colchester (Essex) area.

Leigh said the potential of West was such that it could be expected to make a valuable contribution to profits next year. In the year ended October 31 1988 it made £50,000 pre-tax on turnover of £1.48m.

Consideration will be met by the issue of 1.26m Leigh shares. Of those 647,000 have been placed at 252p each to raise some £1.6m for the vendors.

SYNAPSE COMP

Profits ahead in weaker half

In its traditionally weaker first half, USM-quoted Synapse Computer Services lifted pre-tax profits from £413,400 to £463,100, on turnover ahead 28 per cent to £4.07m.

Tax took £162,100 (£144,700), leaving earnings of 8.54p (7.63p) per 5p share.

ANTLER

Rise by 47% to £1.63m

Antler, USM-quoted maker of luggage and travel goods, saw taxable profits increase by 47 per cent from £1.11m to £1.63m in 1988. Turnover was 11 per cent higher at £13.05m, against £11.73m.

After tax of £588,000 (£395,000) earnings per 5p share came out at 17.7p (12.2p). The directors are proposing a final dividend up from 2.2p to 3.6p to make a total for the year 43 per cent higher at 5p (3.5p).

BEAUFORD GROUP

Profit grows by £420,000

Beauford Group, maker of heavy machine tools and plant, increased its pre-tax profit from £1.22m to £1.64m in 1988.Turnover rose to £16.42m (£13.7m).

Earnings were 14.3p (11.9p) after minorities £121,000 (nil), and the final dividend is 3.2p for a total of 4.6p (4p).

UK COMPANY NEWS

SD-Scicon starts well as profits top £13m

By Alan Cane

SD-Scicon, the computing services group formed in April 1988, had an encouraging first year, returning pre-tax profits of £13.35m on revenues of £221.56m. The group was formed through the acquisition of Scicon, a loss-making subsidiary of British Petroleum, by Systems Designers, the Fleet, Hampshire, based software house.

Earnings increased to 4.01p undiluted and 4.13p fully diluted compared with 3.84p in 1987. The dividend is lifted 15 per cent to 0.75p, the final being 0.475p. Pre-tax profit in 1987 was £7.36m.

Mr Philip Swinstead, chairman and chief executive, seems therefore to have achieved his chief ambitions of returning Scicon to profitability while avoiding dilution in earnings per share.

The management, nevertheless, had its hands full last year with the tasks of cutting away unprofitable parts of Scicon, selling off for example its US-based Energy Systems Group, and integrating the two companies.

While business in the UK was satisfactory, SD-Scicon's French and West German subsidiaries were operating in difficult markets with slim margins. Mr Warren Werblow, formerly Scicon chief executive, has been promoted to deputy managing director for Europe, indicating the company's determination to resolve these difficulties.

Philip Swinstead: no dilution in earnings per share

SD-Scicon derived less than a quarter of its turnover but more than half its profits from the US, chiefly through activities which are only loosely connected with the company's principal role as a systems integrator.

Systems integration, one of the fastest growing areas of the computing services business, requires skills in systems design, in the selection of appropriate computer hardware and software and in project management.

In the US, however, SD-Scicon earned £10.04m on revenues of £51.5 chiefly through three subsidiaries, Warrington Associates which processes bond dealings for major US banks, Systems Control which has a lucrative three year vehicle emissions testing contract with the State of Maryland, and SCT, a small defence consultancy.

Mr Swinstead said the US profit levels were unlikely to be maintained this year, because of changes in legislation affecting the frequency with which vehicle emissions have to be tested.

Mr Nigel Burton, an analyst at Robert Fleming Securities who has been carrying out an extensive investigation into SD-Scicon, said his view of the company remained positive. He thought that in a further two years, the two companies would be enjoying the full benefits of the merger. Much remained to be done, however, to improve European performance.

Mr Swinstead is aiming to make a further large acquisition within two years and to expand in the US as a systems integrator.

Problems in US restrict Jacques Vert to £4.72m

By Alice Rawsthorn

JACQUES VERT, best known for its classic women's wear, increased pre-tax profits from £4.01m to £4.72m in the year to January 19 despite difficulties in the US and with its costume jewellery business.

Mr Jack Cynamon, joint chairman with Mr Alan Green, said the company had fared "very well" in wholesaling and retailing in the UK, but profitability had came under pressure because of problems in the US, costume jewellery and at a recently opened factory in the West Country.

Vert, quoted on the USM, boosted turnover to £31.93m (£23.41m). Earnings per share rose to 32.7p (28p). The company has decided to change its year end to April 30 and proposed an interim dividend of 9.5p. It will announce a final dividend with its extended results in July.

The UK wholesaling business saw sales rise to £20.78m (£17.53m). Vert plans to introduce a major new women's wear collection – for the same target market of mature, affluent women – this summer.

The company opened five new shops during the year – creating a chain of 16 – and intends to open up to another seven over the next year. Retail sales rose to £4.35m (£2.6m).

Vert's overseas sales increased to £5.02m (£2.95m) despite the difficulties in the US. The company recently bought out its US distributor, but discovered that its overheads were too high. Mr Cynamon said the US business should move into profit this year as sales expand to absorb overheads.

The Collections costume jewellery business boosted sales to £876,000 (£331,000) but lost money because of the intensely competitive state of the market. Vert has cut costs and the business is now on course to break even.

Vert also encountered problems at its new factory in the West Country, because of the difficulty of finding suitable senior management. It has since made an appointment and the factory is expected to produce a profit this year. The reorganisation of the northern factory recently purchased from Parkland Textiles has been completed.

Mr Cynamon said trading since January 31 had gone "remarkably well". He said Jacques Vert's customers seemed to have been unaffected by the recent squeeze on consumer spending.

Hazlewood Foods buys three Dutch companies for £23m

By Philip Coggan

HAZLEWOOD FOODS, the rapidly-expanding food manufacturing group, yesterday increased its presence in Europe via the purchase of three Dutch companies for a maximum consideration of Fl 81.4m (£22.6m).

The three companies are Mieras Beheer, a cockle fishing and muscle processing business, Diepvries Monnickendam, a flat fish processor, and Advang Beheer-en Vastgoedmaatschappij, a frozen snacks producer.

The purchase will bring the European proportion of Hazlewood's annual turnover to around 30 per cent, much of it based in the Netherlands.

Mr Dennis Jones, finance director, said that the Netherlands offered language advantages for a UK company and was also a useful entry-point for other EC markets. "Around 70 per cent of the goods we produce in the Netherlands are exported" he said.

Of the three companies, the largest, in profit terms, is Advang which made profits of Fl 6.7m on turnover of Fl 32.1m last year. Advang sells its frozen spring rolls, satay, and croquettes primarily in the Netherlands but Hazlewood hopes to increase its sales in the UK.

In total, the three acquired companies have assets of Fl 34.9m and, in the previous year, made profits of Fl 12.5m on turnover of Fl 100.3m. Following the purchase, Hazlewood's frozen foods division, formed just three years ago with the purchase of Olaf Foods, will have an annualised turnover of around £165m.

Consideration of the purchase is being satisfied by the issue of 9.05m shares, which are being placed on behalf of the vendors by Laurence Prust at 250p each.

Mr Jones said that the recent listeria scare had affected Hazlewood's chilled foods division but said the group's overall track record was not going to be damaged.

Rosebys contribution helps Cattle's to £7.54m

LED BY a breakthrough in the contribution from Rosebys, the Cattle's (Holdings) group saw its pre-tax profit soar from £4.86m to £7.54m in 1988, after the £1m increase at halfway.

And the current year had started extremely well. The directors said they were confident of building further on that strong base, although maintaining the earnings growth of the last four years would provide a "real challenge" in 1989.

The group provides financial services, insurance broking, and retails household goods and furniture. Turnover rose to £147.44m (£114.29m), while earnings per share increased to 7.57p (5.71p) and the dividend is lifted to 3.25p (2.5p) with a final of 2p.

Rosebys, the retailing group, made profits of £1.45m, against the depressed £88,000, and the directors intend to seek a separate listing for it over the next two years.

Waldmans contributed £438,000 from date of acquisition. At Shopacheck turnover rose 13 per cent to £90m and pre-tax profit was ahead 21 per cent to £5.7m.

Hire purchase and leasing made an almost unchanged £700,000 on turnover up 37 per cent. Higher interest costs on business already on the books were the principal reason for the slowdown.

Cattle's Insurance and Swinton CIB Insurance lifted profits 67 per cent to £414,000.

Oakwood in £4m property deal

OAKWOOD GROUP, which last August merged with Cox-Moore to form a diversified branded textile and specialist electrical contracting company, is paying some £4m for Paul Rackham, an industrial property investment concern.

The consideration will be satisfied by the issue of 500,000 new ordinary shares to the vendors with the balance of £1.5m in loan notes. Rackham, with assets in Thetford, Norfolk, made taxable profits of £375,000 in the year to September 30 1988.

Oakwood announced the purchase along with its own results for the 15 month period to end-December. Pre-tax profits jumped to £2.21m, compared with a deficit of £247,000 in the comparable period which covered the year to end-September 1987.

Turnover more than doubled to £27.67m, while earnings per share were 38.1p against losses of 12p. A recommended final dividend of 4p makes 5p (1p) for the period.

Directors also proposed a reorganisation of the share capital on the basis of five shares of 10p for every two exisiting shares of 25p. This would increase marketability, they stated.

An extraordinary debit of £1.5m (credit of £292,000) related to the closure of the wholesale distribution business of the Frank Love subsidiary.

Carbo up 24% to £3.83m

CARBO saw 1988 pre-tax profits rise 24 per cent from £3.08m to £3.83m on turnover only four per cent ahead at £60.43m, against £58.14m. Directors said that the strength of the pound against the D-Mark and the swiss franc meant that the sales figures did not fully reflect the growth in turnover.

Stated earnings per share came out at 17p (14.2p). A proposed final dividend of 3.6p makes a total for the year of 5.7p.

The company continued to have a strong cash flow, the directors said, and after spending £4.68m on capital investments, acquisitions and Stock Exchange listing costs net borrowings at the end of the period were £1.39m.

News Digest

CLOSE BROTHERS GROUP
All-round growth in 63% rise

BUSINESS continued at high levels throughout most of Close Brothers Group in the six months to the end of January. Taxable profit was £5.09m, 63 per cent higher than the comparable £3.12m.

The directors of this holding company with interests in merchant banking and investment management said that the group had also benefited from having a large amount of shareholders funds committed to assets the return on which is linked to money market rates.

After tax of £1.82m (£1.08m) and minorities of £294,000 (£88,000) earnings per share came out at 8.05p (5.55p). The interim dividend is raised to 2.2p (1.65p).

In merchant banking overall volume of loans and advances expanded by 37 per cent during the period. Funds under management increased substantially, said the directors.

UNIGROUP
Recovery in timber products

Unigroup, the timber, building products and clothing company, achieved profits of £506,000 at the pre-tax level in the six months to end-December 1988.

The outcome compared with profits of £126,000 in the first half last time and £276,000 for the year to June 30.

The divisional breakdown showed a marked recovery by the timber products side which turned losses of £101,000 into a profit of £552,000. In contrast, building products contributed less at £144,000 (£272,000), while clothing, reflecting pressure on margins and production difficulties, incurred a deficit of £56,000 (profits of £59,000).

Turnover rose to £8.44m (£7.57m). An exceptional debit took less this time at £49,000 (£130,000). Earnings per 15p share worked through at 1.94p, against losses of 0.08p.

LAIDLAW THOMSON
Ironmongery disappointing

Laidlaw Thomson, USM-quoted architectural ironmonger, saw pre-tax profits for 1988 rise 12 per cent from a restated £1.16m to £1.3m.

Mr David Whitworth, chairman, said that door systems had an outstanding year and there was a strong performance from the window component division. However the contribution from architectural ironmongery had been disappointing. It suffered from moves to new premises in the second half and the costs of opening new branches.

Turnover was £26.52m (£22.03m), a rise of 20 per cent. Earnings per share were 12.65p (11.91p) and the directors are recommending a final dividend of 3.5p (3.25p) for a total of 5.12p (4.79p).

INTERLINK EXPRESS
Delivers higher profits

Interlink Express, the USM-quoted franchised parcel distribution and delivery group, announced taxable profits up from £3.08m to £3.42m in the six months to end-December.

Turnover expanded 28 per cent to £19.24m (£15.08m). Mr Richard Gabriel, chairman, said that internal forecasts for the second half indicated a continuing increase in the volume of business, although relative trading performance between the two halves may be distorted by the effects of last Autumn's postal strike.

Earnings per 5p share worked through at 13.67p (12.23p) and the interim dividend is raised 0.5p to 3.75p.

DOEFLEX
Marginal advance

Doeflex, a plastic materials manufacturer, reported pre-tax profits of £1.23m in 1988. The marginal advance from the previous year's outcome of £1.16m was achieved on turnover down from £21.61m to £19.54m.

Mr Richard Bickerton, chairman, said that demand for the group's pvc products remained strong. Significant investment in automation and improved layout of production equipment at the thermoplastic sheet operation was completed during the year.

Earnings per 10p share were 9.47p, up from 8.78p. A proposed final dividend of 2.35p makes 3.5p (3.45p) for the year.

JOHNSTON PRESS
Newspapers have good year

Reflecting a good year in most of its newspapers, Johnston Press increased its pre-tax profit from £3.03m to £4.22m in 1988, its first year on the main market.

This weekly newspaper and free sheet group, based in Edinburgh, made turnover of £35.43m (£29.57m). Earnings were 12p (9.2p) and the final dividend is 2.5p for a 3.5p total.

The directors said the company was well placed for further profitable development in buoyant economic conditions - 1989 had started well.

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COMMODITIES AND AGRICULTURE

LME defeats tin damages claim

By Raymond Hughes, Law Courts Correspondent

THE LONDON Metal Exchange and members of its committee have defeated damages claims made against them by two Shearson Lehman companies arising out of the suspension of the tin market in October, 1985, following the collapse of the International Tin Council.

In a 224-page judgment delivered in the High Court yesterday Mr Justice Webster rejected all the allegations made against the LME by Shearson Lehman Brothers, a trading company owned by American Express, and its metal broking subsidiary, Shearson Lehman Metals.

He held that the LME had had the power to suspend tin contracts and had validly passed a new rule fixing a so-called ringout price which overrode outstanding contract prices.

However the judge upheld Shearson's claim that it was entitled to damages from Maclaine Watson, a subsidiary of Drexel Burnham Lambert and an LME trader, for breach of tin contracts.

Shearson claimed £74.5m from Maclaine Watson. The amount of damages to be paid will be assessed later.

Shearson and Maclaine may appeal against those parts of yesterday's judgment adverse to them.

During the court hearing, which lasted 93 days, Shearson's £19.6m breach of contract claim against J.H.Rayner (Mincing Lane), another LME trader and part of the S. & W. Berisford group, was settled on undisclosed terms.

Following yesterday's decision Mr Jacques Lion, chairman of the Metal Market and Exchange Company, which runs the LME, said he was delighted.

"The court has entirely vindicated all the steps that were taken by the LME authorities during what was a very difficult time for the LME. I hope that all the other problems created by the ITC's default can now be satisfactorily resolved," Mr Lion said.

Mr Christopher Green, the LME chairman, who told a conference in London this week that tin would return to the LME as a trading vehicle in the next few months, depending on the court judgments, said yesterday: "I think it is widely known that tin will be discussed at the April 12 Board meeting."

The central issue in the case was the validity of Rule M – a new rule made by the LME in March, 1986, which fixed a ring-out price of £6,250 per tonne.

Mr Justice Webster ruled that Rule M was valid and said that the LME had been justified in making it.

He said that in its writ, issued three days after Rule M had been made, Shearson contended that the tin market had not been validly suspended, that Rule M and the fixing of the ringout price were invalid, and that, in any event, Shearson's contracts with Maclaine Watson were not affected.

Shearson claimed damages against the LME for allegedly inducing breach of contract by Maclaine Watson by asserting that the suspension of the market affected the Shearson-Maclaine contracts and by making Rule M.

Shearson also claimed damages for breach of duty, alleging that, if Rule M in fact affected the contracts, the LME acted in breach of a duty to act with reasonable care, and to act fairly and impartially in making Rule M and fixing the ringout price.

The judge rejected both claims.

He held that the LME had power under its rules to suspend the Shearson-Maclaine contracts. But, he said, those contracts were not subject to Rule M and Maclaine was therefore not entitled to refuse to fulfil its obligations under them.

He said that, not being an LME member, Shearson could be bound only by rules in force when it entered into its contracts with Maclaine. Shearson was not bound by Rule M because it had not agreed in the contracts to be bound also by new rules coming into effect while the contracts subsisted.

The judge said that Rule M was not in restraint of trade, nor did it distort competition or affect trade between European Community members in breach of the Treaty of Rome.

THE ASSOCIATION of Tin Producing Countries is calling a special meeting next month to discuss measures to stem the recent surge in world tin prices, reports Reuter from Kuala Lumpur.

"Malaysia says tin prices are moving too fast. Brazil says high prices will jeopardise consumption. We will have to review our estimates of stocks and demand," said Mr Redzwan Sumun, the association's executive secretary. A further surge in prices is likely to spur old and inefficient mines to reopen and flood the market with tin, he added.

He gave no date for the talks.

The Kuala Lumpur Tin Market price, which has risen more than 22 per cent since the start of the year, gained 13 cents yesterday to 24.43 ringgit a kilogram after a brief correction on Wednesday.

The seven ATPC members have imposed controls on exports since March 1987 in an effort to reduce the excessive stocks which were left overhanging the market following the 1987 collpase of the International Tin Agreement.

Fox aims at July launch for rubber futures

By David Blackwell

THE LONDON Futures and Options Exchange's plans for a rubber futures contract on a screen-based automatic trading system are gathering pace.

London Fox hopes to launch the contract, which has been under discussion for the past 12 months, in July. It will employ a similar system to the screen-based white sugar contract, which was successfully launched last year in London and now has a couple of screens based in Paris.

The contract will be in SIR 20 (Standard Indonesian Rubber; type 20), a technically specified rubber which is in growing demand, particularly from tyre makers. Contracts will be at quarterly intervals, fob, priced in US cents per lbs, and in lots of 10.8 tonnes.

Mr David Landais, manager of the rubber contract project, who spent last week in New York talking to the rubber trade and commission houses, said it was essential that the contract was globally traded. The London trade had contracted and could not sustain a rubber futures market on its own, he said.

He estimated that 10 screens were necessary to create a liquid market, and was hoping to start with screens in London, New York, Hamburg and Amsterdam, with the possible addition of the Far East later.

"I think we have found an industry that is looking for a futures market," he said yesterday. "The rubber business needs the contract."

He pointed out that the ATS system was low cost, straddled time zones and would probably be cleared through the International Commodities Clearing House in London. The exchange was studying the possibility of licensing traders annually, rather than selling seats, he added.

EC diplomats rule out early deal on farm price package

By Tim Dickson in Brussels

THIS YEAR'S European Community farm price negotiations are proving tougher and more protracted than the pundits had hoped.

Diplomats and European Commission officials have now ruled out any chance of a deal on the 1989-90 package when Agriculture Ministers meet in Brussels next week – and there are even doubts about a final agreement being signed at next month's council meeting in Luxembourg.

The problems are partly procedural – it is considered bad form for the member states to tie things up before the European Parliament has delivered its verdict on the commission's ideas (which it will do at the April session) – but more importantly pressure for concessions to the farm lobbies and a relaxation of some of the harsher measures has been building up in recent weeks.

Several ministers argue, for example, that the recent price cuts automatically introduced under the budget "stabilisers" are already making life difficult enough for producers, while the lack of any clear commitment in the US to short term agricultural reform in the General Agreement on Tariffs and Trade is being skilfully exploited in Europe by those urging a less "restrictive" approach.

The challenge for Mr Raymond MacSharry, the Irish Agriculture Commissioner who has so far stoutly defended the commission's proposals for a broad price freeze, is not made any easier by the apparent lack of experience of Mr Carlos Romero, Spain's Agriculture Minister and current chairman of the EC's Farm Council. After earning high marks for piloting through the complex beef reforms and income aid package in January, his tactics in price negotiation have since bemused, not to say frustrated, many observers.

Mr Romero is eager to avoid rebuffs from his colleagues and the Commission – the latter's willingness to go along with any watering down of its measures will be a key to the outcome – but by this stage the presidency would normally have started forcing the pace with its first compromise.

When that comes – probably, but not definitely, next week – it will have to deal with the following points:

- The firm opposition of almost all member states, except the UK, to the Commission's proposed two stage reduction in the intervention period for cereals, protein crops and oilseeds and the 25 per cent cut in so-called monthly increment payments.
- The similarly strong feelings aroused by the proposed 5 per cent cut in the sugar price. Only France says it can go along with this, the UK having expressed reservations about the impact on Caribbean suppliers, who get the EC price.
- The shopping list from the Mediterranean states when it comes to fruit and vegetables. The level of price cuts in the citrus sector is one difficulty, while the technicalities for introducing thresholds for apples and cauliflowers have been a divisive factor in the talks. The Commission's proposal to pay farmers for grubbing up apple trees has also brought widespread protests.
- The controversial demand from Mr Henri Nallet, the French Agriculture Minister, for a 1 per cent increase in Community milk quotas. This would see France and other countries over the embarrassment of having distributed too much quota to their farmers and no longer being able to even out the figures with the help of under production at some farms. As Mr MacSharry has already indicated, however, another 1m tonnes of milk, on top of the extra 600,000 already earmarked to deal with those unfairly excluded from the system in 1984, would almost certainly create major political problems and risk undoing many of the hard earned achievements in the dairy sector.
- The outcry in West Germany – which has been forcefully voiced in Brussels by Mr Ignaz Kiechle, Bonn's Farm Minister – to the Commission's plan to abolish the remaining "positive monetary gaps" from the beginning of the next marketing season. The Germans claim that thanks to this the cumulative impact of the package and the stabiliser is an 8 per cent price cut for their cereal farmers.

These and other hurdles suggest that there may yet be a long way to go, though many in Brussels believe that the Parliament's attitude could be crucial. If, as many in the member states hope, the Strasbourg assembly proposes a weakening of some of the proposals, this will not only strengthen their case but give Mr MacSharry a good excuse to soften the Commission's so far resolute stance.

Diamond mine planned in Namibia

By Maurice Samuelson

CONSOLIDATED Diamond Mines, De Beers' wholly-owned Namibian arm yesterday announced the biggest in a series of new mining investments in the territory.

It is to develop a R135m (£30m) diamond mine at Elizabeth Bay, 30 km south of Luderitz, an old German mining town on a remote part of the coast of the Namib desert.

Mr Julian Ogilvie Thompson, De Beers' chairman, said it was "conclusive proof" of the company's commitment to Namibia as it begins its count-down to elections and independence.

Last November CDM announced a new diamond production area at Auchas, on the Orange River. Together with its sister company, the Anglo-American Corporation of South Africa, De Beers is also developing Namibia's first gold mine, Navachab, at a cost of R90m.

Work at Elizabeth Bay will start immediately and the mine, employing 350 people and including a new treatment plant, is expected to start producing an estimated 250,000 carats a year in 1991.

'Super pit' gold project brings Bond's dream close to fruition

By Kenneth Gooding in Kalgoorlie

MR ALAN BOND, the Australian entrepreneur, might be under pressure and attack on many fronts, but his dreams of joining the world's leading gold producers with an annual output of 1m troy ounces are going very well indeed.

The "super pit" project, to link and consolidate a number of Western Australia's major gold mines on Kalgoorlie's Golden Mile, is on target to boost production from an annual rate of 450,000 ounces to 650,000 ounces by June this year.

More importantly, the A$112m (£52m) spent on a new mill and other facilities – well under the A$120m budget – will reduce the cost of producing gold from A$400 to A$300 an ounce.

The new management company set up for the project, Kalgoorlie Consolidated Mines, is so sure that it will move to a second A$80m stage of the project that equipment with long lead delivery times already has been ordered.

This second stage will boost output to an annual 850,000 ounces by the end of 1990, making the super pit by far the biggest gold producer in Australia.

Half the project is owned by Homestake Gold of Australia, an 80 per cent subsidiary of the US Homestake Mining group.

Mr Bond's interest, once various strategic wheelings and dealings are completed in a few weeks' time, will be via his Bond International Gold company, the New York quoted concern 57 per cent owned by his family holding company, Dalhold Investments.

BIG will hold 23 per cent of North Kalgoorlie Mines, which, in turn, will own the other half of the super pit project. Mr Bond has made it clear that he wants eventually to rebuild his stake in North Kalgoorlie Mines, his key Australian gold company, to about 40 per cent, thus increasing his entitlement to the super pit gold.

If all goes to plan, further expansion at the super pit, costing A$25m, will take annual output to 850,000 ounces by the mid-1990s from a project which already has identified enough gold reserves for a productive life of more than 20 years.

By the end of next year, Homestake will have spent A$180m on acquisitions and its share of capital expenditure for the super pit. North Kalgoorlie has debts totalling about A$400m, following the various acquisitions needed to make Mr Bond's dreams of building the super pit project a reality, but reckons its assets are worth A$1.4bn.

The partners are only now considering how the project's finances should be restructured, but say no equity issues are being contemplated. Project financing could be by way of low interest gold loans, or there is even the possibility, if the world gold price recovers, that it could generate enough cash flow to be self-financing.

North Kalgoorlie and Homestake seem confident that in five years' time the super pit will fully deserve its name and will have grown to be 5 km long, 2 km wide, and 500 metres deep, making it, they maintain, clearly visible from the moon.

Cocoa meeting to end early

THE INTERNATIONAL Cocoa Organisation's emergency talks in London will end this evening, delegates decided yesterday, and not next Wednesday as scheduled, writes David Blackwell.

However, the producer and consumer sides last night were still no nearer resolving the issues over which the meeting was called – the level of prices to be defended and the problem of levy arrears.

Producers have offered to reduce the $30 a tonne levy, paid on exports by members and on imports of non-member cocoa. But consumers want the levy suspended. Producers' levy arrears total $95m.

UK to review pesticide safety

By Bridget Bloom, Agriculture Correspondent

BRITAIN IS to institute a review of pesticides which have been widely used over the last 25 years.

The Ministry of Agriculture announced yesterday that the review, which will be undertaken by the advisory committee on pesticides in conjunction with the ministry's pesticide registration department, will cover some 150 compounds given official approval before the mid-1960s.

However, since some of these currently cause greater concern than others, there will be a priority list of 20 such substances for immediate review.

The review is being described as routine. However, it is the first time the Government has accepted the need for an automatic review of existing pesticides. The US has conducted such reviews since the late 1970s.

Although officials yesterday stressed that existing procedures ensured that only safe pesticides were approved, the ministry's action must be seen against the background of current public concerns about environmental pollution general and food safety

The review is likely to be slow, possibly taking as long as ten years, according to officials at a press conference yesterday. This is partly because of the lengthy process of data collection and evaluation but also because the pesticide registration department was until recently grossly under-staffed.

The department has recently been reorganised, with scientific staff trebled to nearly 60. However, it must still also cope not only with some 500 applications a year for new combinations of existing pesticide compounds but with approvals for quite new substances.

The backlog on the former is believed to have been reduced to 10 months from two years, but is still two years on new pesticides, compared with a year in the US, France and Germany.

A further delaying factor is that decisions on pesticide control are made by the agriculture ministry in conjunction with at least four other government departments.

Another factor is that the European Community is moving towards a common position on pesticide control, though officials say it may take 20 years for last month's Commission proposal to result in a fully comprehensive EC pesticide register.

However, officials claimed yesterday that the review of the priority list of pesticides can take place speedily. The list includes such chemicals as lindane, already banned in sheep dips but still used as a wood preservative, and several chemicals, including maneb, used to protect potatoes.

WORLD COMMODITIES PRICES

LONDON MARKETS

ZINC prices came under further pressure on the LME yesterday, retreating in morning trading on chart inspired selling and liquidation orders. On Wednesday three-month high grade metal fell below $1,910 a tonne – a significant chart point, traders say. By yesterday afternoon prices were steady on short-covering, three-month high grade metal closing at $1,845.50 a tonne. Copper wiped out Wednesday's gains in the morning following substantial Japanese selling induced by a large increase in Comex stocks, traders said. There was a partial recovery during ring dealings throughout the day but most players remained nervous and continued to watch Comex for further downside movement, dealers said. Gold prices fell under pressure from the firmer dollar in sporadic trading

SPOT MARKETS

		+ or -
Crude oil (per barrel FOB)		
Dubai	$15.70-5.85z	+.125
Brent Blend	$18.45-8.55q	
W.T.I. (1 pm est)	$19.85-9.90q	+.175
Oil products (NWE prompt delivery per tonne CIF)		
Premium Gasoline	$204-206	+3
Gas Oil	$150-151	
Heavy Fuel Oil	$86-88	
Naphtha	$174-176	
Petroleum Argus Estimates		
Other		
Gold (per troy oz)♣	$388.25	-4.25
Silver (per troy oz)♣	603c	-6
Platinum (per troy oz)	$532.85	-9.40
Palladium (per troy oz)	$143.35	-0.80
Aluminium (free market)	$1980	-55
Copper (US Producer)	150⅝-154c	+2⅝
Lead (US Producer)	37.5c	
Nickel (free market)	770c	+5
Tin (European free market)	£6212.5	+22.5
Tin (Kuala Lumpur market)	24.43r	+0.13
Tin (New York)	411.0c	-0.5
Zinc (US Prime Western)	95⅜c	
Cattle (live weight)†	110.90p	+1.75*
Sheep (dead weight)†	182.01p	+11.5*
Pigs (live weight)†	83.81p	+0.32*
London daily sugar (raw)	$295.4u	-1.4
London daily sugar (white)	$326u	
Tate and Lyle export price	£262.5	-0.5
Barley (English feed)	£117q	
Maize (US No 3 yellow)	£131	
Wheat (US Dark Northern)	£129.25v	-0.50
Rubber (spot)♥	69.25p	+0.75
Rubber (Apr) ♥	69.25p	+0.75
Rubber (May) ♥	69.75p	+0.75
Rubber (KL RSS No 1 Apr)	301.0m	+0.5
Coconut oil (Philippines)§	$547.5x	
Palm Oil (Malaysian)§	$407.5u	
Copra (Philippines)§	$355	
Soyabeans (US)	$201q	
Cotton "A" index	65.85c	+0.30
Woollops (64s Super)	645p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb r-ringgit/kg v-Apr/May. u-Mar/Apr. q-Apr x-May/Jun. w-Apr/Jun. z-May. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low	
Mar	850	837	854	840
May	857	852	865	853
Jul	860	857	867	858
Sep	865	862	870	863
Dec	892	893	896	891
Mar	874	873	875	870
May	871	873	875	870

Turnover 3404 (1686) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Mar 15:1095.42 (1096.53):10 day average for Mar 16:1090.15 (1089.59).

COFFEE £/tonne

	Close	Previous	High/Low	
Mar	1175	1175	1171	1160
May	1152	1146	1155	1140
Jly	1109	1110	1119	1098
Sep	1097	1096	1104	1086
Nov	1086	1085	1088	1084
Jan	1086	1085	1088	1084
Mar	1086	1080	1085	

Turnover 4359 (3983) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Mar 15: Comp. daily 119.27 (119.21); 15 day average 118.30 (118.03).

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low	
May	280.40	270.80	280.40	269.00
Aug	280.00	271.60	279.00	270.80
Oct	274.80	268.00	275.00	268.20
Dec	274.00	268.00	265.00	
Mar	263.00	260.00	258.00	
White	**Close**	**Previous**	**High/Low**	
May	329.00	320.50	327.00	321.00
Aug	335.00	327.50	334.00	327.50
Oct	324.00	317.00	322.50	315.00

Turnover: Raw 4851 (8915)lots of 50 tonnes. White 977 (1081).
Paris- White (FFr per tonne): May 2055, Aug 2080, Oct 2010, Dec 1980, Mar 1925, May 1910.

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	Jul	May	Jul
1950	101	103	47	98
2050	52	63	97	156
2150	23	34	166	227
Copper (Grade A)	**Calls**		**Puts**	
2900	210	164	74	195
3100	107	94	168	319
3300	47	60	305	470

FRUIT AND VEGETABLES

Yellow plums from Cape are more plentiful this week at 60-80p a lb (70-90p) as are stawberries from Spania and Carmel 65-95p (70p-£1.10), reports FFVIB. Lemons are unchanged at 10-18p each while new season Buerre Hardy Pears from Cape are in the shops at 40-50p a lb. Carrots are abundant, with homegrown supplies 8-20p (10-25p) and finger carrots from Holland 14-28p (18-30p). Cauliflowers are plentiful 40-75p each (40-85p) thanks to the continued mild weather and the prices of onions 14-30p a lb and calabrese 55-95p are the same as last week. Tomatoes are down to 50-80p (60-85p) while the first new season's beef tomatoes from Holland are available at £1.20-1.40. Round lettuce now cost 25-35p each (30-40p) and icebergs stay at 50-60p.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 14,650 tonne
Cash	1990-2000	2030-40		1977-82		
3 months	1980-5	2020-5	1995/1975	1976-7	1990-5	29,470 lots
Copper, Grade A (£ per tonne)						Ring turnover 36,425 tonne
Cash	1858-60	1910-5	1863/1855	1855-6		
3 months	1740-2	1793-5	1749/1730	1741-2	1741-2	66,641 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	603-5	608-9		603-5		
3 months	618-20	622-5		618-20		349 lots
Lead (£ per tonne)						Ring turnover 14,275 tonne
Cash	337-8	339-40	340/339.5	339.5-40		
3 months	347-8	348-9	349/348	349-9.5	347-8	9,203 lots
Nickel ($ per tonne)						Ring turnover 1,440 tonne
Cash	17100-200	17150-200	17100/17050	17100-50		
3 months	16600-50	16550-650	16600/16300	16575-600	16650-700	6,652 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 8,800 tonne
Cash	1945-50	1990-2000	1945/1940	1935-40		
3 months	1885-90	1940-5	1900/1885	1895-900	1900-10	6,672 lots
Zinc ($ per tonne)						Ring turnover 11,100 tonne
Cash	1920-5	1965-95		1910-5		
3 months	1845-6	1905-7	1870/1845	1845-50	1856-7	11,981 lots

POTATOES £/tonne

	Close	Previous	High/Low	
Apr	68.0	69.9	70.0	66.5
May	87.9	90.5	90.5	87.5
Nov	83.0	89.5		
Feb	101.0	100.0		
Apr	129.6	129.4	129.9	129.5

Turnover 195 (380) lots of 40 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Apr	165.50	167.00	166.50
Jun	155.80	157.50	157.00
Aug	151.50	152.50	

Turnover 20 (110) lots of 20 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low	
Mar	1658	1659	1660	1650
Apr	1658	1670	1675	1658
Jul	1414	1420	1422	1411
Oct	1520	1525	1530	1515
Jan	1545	1555	1550	1541
Apr	1595	1598	1595	
BFI	1647	1640	1647	

Turnover 333 (443)

GRAINS £/tonne

Wheat	Close	Previous	High/Low	
Mar	116.00	115.65	116.00	115.65
May	118.15	118.20	118.30	117.85
Jun	120.00	120.15	120.20	119.70
Sep	103.45	103.40	103.45	
Nov	105.80	105.75	105.90	
Jan	108.75	108.70	108.75	
Mar	111.75	111.70	111.75	
Barley	**Close**	**Previous**	**High/Low**	
Mar	110.65	110.65	110.65	110.50
May	110.55	112.00	111.70	110.55
Sep	100.70	100.60	100.70	

Turnover: Wheat 308 (310), Barley 53 (56).
Turnover lots of 100 tonnes.

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	388-388½	225-226½
Opening	390-390½	226¾-227¼
Morning fix	391	226.958
Afternoon fix	388.4	226.198
Day's high	391-391½	
Day's low	387½-388	
Coins	**$ price**	**£ equivalent**
Mapleleaf	398-404	232-235
Britannia	399-404	232-235
US Eagle	399-404	232-235
Angel	399-404	232-235
Krugerrand	387-392	225-227
New Sov.	91¼-92¼	53-53¾
Old Sov.	91¼-92¼	53-53¾
Noble Plat	541.35-550.45	315-320.3
Silver fix	**p/fine oz**	**US cts equiv**
Spot	352.20	606.15
3 months	363.50	621.55
6 months	374.85	638.20
12 months	396.05	670.05

CRUDE OIL $/barrel

	Close	Previous	High/Low	
May	17.67	17.68	17.82	17.54
Jun	17.23	17.18	17.23	17.10
Jul	16.89	16.82	16.89	16.74
IPE Index	17.63	17.28		

Turnover: 5303 (7245)

GAS OIL $/tonne

	Close	Previous	High/Low	
Apr	149.00	149.00	150.75	147.75
May	147.00	147.25	148.75	146.25
Jun	145.75	145.75	147.25	144.50
Jul	145.75	145.75	148.00	144.75
Aug	147.75	147.75	147.75	
Sep	150.00	149.00	150.00	
Oct	151.50	151.00	151.25	
Nov	152.00	151.50	152.00	150.50
Dec	153.00	154.00	152.00	151.75

Turnover 6285 (9548) lots of 100 tonnes

US MARKETS

IN THE METALS, gold and silver futures fell on some carryover selling from the previous day, reports Drexel Burnham Lambert. Copper prices sank 190 basis May due mostly to a heavy increase in comex copper stocks. Strong trade buying and some local short covering gave the platinum market a small rally. In the softs, sugar prices rose sharply as technical chart buying entered the market at the 1238 level basis May. Profit taking later in the day pared further gains. New speculative buying advanced the coffee market. Light trade activity pushed cocoa futures higher. In the livestock markets, pork bellies were lower as unexpectedly heavy deliveries against the March contract prompted local long liquidation. Live hogs fell due mostly to the weak cash market and light packer demand. Cattle futures also declined as the recent cattle on feed report may have had a bearish tone. The grains were again very quiet as lack of tender activity kept most commercial players away. Cotton prices firmed up on light commission house buying. The energy markets were steady after strong gains made earlier in the week.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Mar	389.6	392.1	0	0
Apr	391.3	393.6	393.7	389.8
May	393.7	396.2	0	0
Jun	396.1	398.5	398.6	394.6
Aug	401.6	404.0	403.6	401.0
Oct	407.5	409.9	408.2	406.3
Dec	413.5	415.9	416.3	412.5
Feb	419.3	421.7	0	0
Apr	425.1	427.6	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Apr	545.5	538.3	547.0	536.5
Jul	545.5	536.1	547.0	535.0
Oct	545.5	537.8	540.5	538.5
Jan	547.0	539.3	0	0
Apr	548.5	540.8	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Mar	605.9	609.1	608.0	601.5
Apr	607.2	611.2	0	0
May	613.0	617.0	617.0	607.5
Jul	625.0	629.0	629.0	620.0
Sep	636.9	640.9	640.0	632.5
Dec	653.7	657.9	656.5	648.5
Jan	659.1	663.4	0	0
Mar	670.3	674.8	672.0	669.0
May	681.7	686.3	0	0
Jul	693.2	697.8	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Mar 15	Mar 14	mnth ago	yr ago
2007.3	2002.3	1930.6	1730.5

DOW JONES (Base: Dec. 31 1974 = 100)				
Spot	138.44	138.90	134.15	129.35
Futures	141.35	141.88	137.08	132.93

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	139.50	141.50	140.30	138.50
Apr	135.70	137.70	0	0
May	133.60	135.50	134.50	132.30
Jul	127.00	128.70	127.80	125.50
Sep	121.00	122.50	121.20	119.70
Dec	115.60	117.00	116.00	114.90

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Apr	19.70	19.77	19.88	18.52
May	19.11	19.19	19.25	18.94
Jun	18.67	18.72	18.80	18.50
Jul	18.29	18.33	18.42	18.15
Aug	18.00	18.02	18.10	17.85
Sep	17.75	17.78	17.87	17.62
Oct	17.64	17.57	17.69	17.46
Nov	17.47	17.39	17.50	17.30
Dec	17.35	17.25	17.40	17.20
Jan	17.25	17.08	17.25	17.03

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
May	5100	5144	5166	5070
Jun	4940	4957	4970	4900
Sep	4920	4958	4930	4920
Oct	5020	5021	5020	4980
Nov	5060	5084	5070	5050

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
May	1469	1446	1474	1458
Jul	1410	1402	1421	1407
Sep	1391	1389	1400	1390
Dec	1391	1389	1399	1390
Mar	1385	1377	1387	1384
May	1380	1376	1384	1380
Jul	1410	1402	1421	1407

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	135.80	134.75	136.00	134.50
May	133.70	132.36	134.65	132.00
Jul	128.16	127.60	129.00	127.70
Sep	123.75	123.65	124.50	123.00
Dec	120.25	119.86	121.00	119.60
Mar	119.50	119.01	119.50	119.50
May	119.00	118.50	0	0
Jul	119.00	118.50	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	12.59	12.08	12.61	11.98
Jul	12.55	12.07	12.57	11.98
Oct	12.26	11.98	12.30	11.83
Jan	11.27	10.99	0	0
Mar	11.72	11.58	11.75	11.43
May	11.82	11.50	11.60	11.37
Jul	11.53	11.43	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
May	61.54	61.28	61.55	61.25
Jul	62.55	62.37	62.60	62.34
Oct	63.62	63.48	63.70	63.51
Dec	63.80	63.67	63.98	63.75
Mar	64.25	64.23	64.30	64.25
May	64.35	64.34	64.35	64.25

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	144.65	144.50	144.90	144.00
May	146.95	146.60	147.50	146.20
Jul	147.30	146.45	147.70	146.45
Sep	147.25	146.10	147.50	146.50
Nov	144.00	142.70	144.00	142.95
Jan	143.25	141.70	143.25	142.00
Mar	142.25	141.25	0	0
May	142.65	141.25	0	0
Jul	142.65	141.25	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Mar	768/2	766/4	769/0	763/4
May	780/2	780/0	782/2	776/0
Jul	790/0	789/0	791/4	785/0
Aug	784/4	783/6	786/0	781/0
Sep	763/2	763/0	763/4	759/4
Nov	747/2	747/6	749/0	744/4
Jan	754/4	755/4	756/0	752/0
Mar	764/0	762/4	764/0	760/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	23.38	23.32	23.39	23.17
May	23.73	23.72	23.80	23.58
Jul	24.32	24.33	24.40	24.18
Aug	24.62	24.60	24.70	24.50
Sep	24.90	24.85	24.95	24.70
Oct	25.00	24.95	25.00	24.80
Dec	25.16	25.18	25.20	25.03
Jan	25.25	25.22	25.25	25.25

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Mar	240.8	241.7	241.3	239.5
May	239.1	239.9	240.0	238.0
Jul	237.5	238.3	238.5	236.2
Aug	236.0	236.7	237.0	235.0
Sep	232.2	232.6	233.0	231.0
Oct	227.0	227.5	227.0	225.8
Dec	225.5	225.7	225.5	224.3
Jan	224.2	224.5	224.0	224.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	278/2	278/0	278/4	277/2
May	282/4	282/2	283/0	281/4
Jul	286/4	286/0	286/4	285/0
Sep	278/2	277/0	278/2	276/6
Dec	274/6	274/6	275/0	273/6
Mar	281/2	281/2	281/2	279/4
May	283/2	283/2	283/2	283/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	437/0	436/0	439/6	436/0
May	442/6	442/4	445/0	441/0
Jul	418/2	418/6	421/0	417/2
Sep	426/0	426/4	428/0	425/4
Dec	436/6	437/0	438/2	435/4
Mar	440/0	440/0	441/0	439/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	77.75	77.77	77.77	77.10
Jun	74.15	74.52	74.30	73.70
Aug	71.80	72.02	71.85	71.40
Sep	71.40	71.60	0	71.40
Oct	71.37	71.40	71.45	70.85
Dec	72.42	72.40	72.47	71.90
Feb	72.60	72.60	72.60	72.15

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Apr	43.17	43.65	43.37	43.12
Jun	48.35	48.65	48.45	48.10
Jul	48.57	48.97	48.67	48.35
Aug	47.32	47.52	47.45	47.30
Oct	44.45	44.50	44.45	44.10
Dec	45.75	45.66	45.90	45.55
Feb	45.90	45.90	45.90	45.70
Apr	44.80	44.90	44.85	44.55

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	37.15	38.15	37.52	37.00
May	38.15	38.72	38.35	37.85
Jul	38.57	38.86	38.75	38.20
Aug	37.75	38.07	38.10	37.50
Feb	51.75	51.80	51.75	51.25
Mar	50.90	50.80	50.90	0
May	52.50	52.50	0	0
Jul	52.50	53.50	52.50	52.50

Notice to Noteholders

Bankers Trust Company, London Branch acting as one or more of, Fiscal Agent, Principal Paying Agent, Warrant Agent or Registrar, on each of the following Issues, hereby gives notice that with effect from 24th April, 1989, it will be moving office from Dashwood House, 69 Old Broad Street, London EC2P 2EE, to new premises at: 1 Appold Street, Broadgate, London EC2A 2HE. Telephone and Telex numbers will remain unchanged.

AB Svensk Exportkredit
150,000 Series III Warrants to Purchase U.S. Dollars

AB Svensk Exportkredit
400,000 Warrants to Purchase U.S. Dollars

AB Svensk Exportkredit
A$50,000,000 14⅛% Notes Due 1989

AB Svensk Exportkredit
U.S. $70,000,000 8½% Notes Due 1989

AB Svensk Exportkredit
U.S. $50,000,000 8 per cent. Treasury Bear Index Bonds Due 1989

AB Svensk Exportkredit
U.S. $200,000,000 7⅜% Notes Due 1989

AB Svensk Exportkredit
N.Z. $75,000,000 19% Notes Due 1989

AB Svensk Exportkredit
U.S. $200,000,000 7½ per cent. Notes Due 1989

AB Svensk Exportkredit
Dkr 200,000,000 11¾% Notes Due November 15, 1990

AB Svensk Exportkredit
U.S. $100,000,000 6¾ per cent. Notes Due 1990

AB Svensk Exportkredit
N.Z. $50,000,000 16% Notes Due July 1990

AB Svensk Exportkredit
U.S. $100,000,000 8 per cent. Notes Due 1990

AB Svensk Exportkredit
U.S. $100,000,000 8¾ per cent. Notes Due 1990

AB Svensk Exportkredit
U.S. $150,000,000 9½ per cent. Notes Due 1990

AB Svensk Exportkredit
Can. $100,000,000 10¼ per cent. Notes Due 1990

AB Svensk Exportkredit
N.Z. $50,000,000 16% Notes Due July 1990

AB Svensk Exportkredit
A$50,000,000 14½ per cent. Notes Due 1990

AB Svensk Exportkredit
N.Z. $50,000,000 17⅜ per cent. Notes Due 1990

AB Svensk Exportkredit
N.Z. $50,000,000 17⅝% Notes Due 1990

AB Svensk Exportkredit
A$125,000,000 15½ per cent. Notes Due 1990

AB Svensk Exportkredit
U.S. $100,000,000 12¾% Notes Due 1991

AB Svensk Exportkredit
U.S. $100,000,000 12¾% Notes Due 1991

AB Svensk Exportkredit
Yen 10,000,000,000 8 per cent. Bear Bonds Due 1991

AB Svensk Exportkredit
Yen 10,000,000,000 8 per cent. Bull Bonds Due 1991

AB Svensk Exportkredit
U.S. $100,000,000 7¾ per cent. Bonds Due 1991

AB Svensk Exportkredit
U.S. $250,000,000 8⅜ per cent. Notes Due 1991

AB Svensk Exportkredit
U.S. $200,000,000 8⅝ per cent. Bonds Due 1991

AB Svensk Exportkredit
Yen 10,000,000,000 6 per cent. Bonds Due 1991

AB Svensk Exportkredit
ECU 140,000,000 7½% Notes Due 1991

AB Svensk Exportkredit
Yen 15,000,000,000 4⅛ per cent. Notes Due 1991

AB Svensk Exportkredit
U.S. $125,000,000 7 per cent. Notes Due 1991

AB Svensk Exportkredit
A$50,000,000 13¼% Notes Due 1991

AB Svensk Exportkredit
U.S. $100,000,000 12¾% Notes Due 1991

AB Svensk Exportkredit
U.S. $200,000,000 9½ per cent. Notes Due 1991

AB Svensk Exportkredit
ECU 100,000,000 7⅜% Notes Due 1992

AB Svensk Exportkredit
A$75,000,000 14½ per cent. Notes Due 10th February, 1992

AB Svensk Exportkredit
A$220,000,000 Australian dollar/Deutsche Mark option 9½ per cent. Bonds 1992

AB Svensk Exportkredit
£50,000,000 9¾ per cent. Bonds 1992

AB Svensk Exportkredit
ECU 40,000,000 7⅜ per cent. Notes Due 1989/92

AB Svensk Exportkredit
Yen 20,000,000,000 4.5 per cent. Notes Due 1992

AB Svensk Exportkredit
up to U.S. $500,000,000 10 per cent. Notes Due 1992

AB Svensk Exportkredit
£50,000,000 11⅜% Notes Due 1992

AB Svensk Exportkredit
£100,000,000 10⅜ per cent. Notes Due 1996

AB Svensk Exportkredit
U.S. $125,000,000 Floating Rate Notes Due March 1992

AB Svensk Exportkredit
U.S. $200,000,000 8⅛ per cent. Notes Due 1992

AB Svensk Exportkredit
U.S. $100,000,000 12¾% Bonds Due September 11, 1992

AB Svensk Exportkredit
U.S. $75,000,000 Retractable Notes Due 1993

AB Svensk Exportkredit
U.S. $250,000,000 9 per cent. Notes Due 1993

AB Svensk Exportkredit
£60,000,000 9½ per cent. Notes Due 1993

AB Svensk Exportkredit
DKr. 300,000,000 10¾ per cent. Notes Due 1993

AB Svensk Exportkredit
U.S. $100,000,000 9⅜ per cent. Bonds Due 1993

AB Svensk Exportkredit
U.S. $100,000,000 7½ per cent. Bonds Due 1993

AB Svensk Exportkredit
ECU 60,000,000 8⅝% Serial Notes Due January 20, 1993

AB Svensk Exportkredit
U.S. $100,000,000 9¾ per cent. Bonds Due 10th October 1993

AB Svensk Exportkredit
A$75,000,000 12¼% Notes Due 1993

AB Svensk Exportkredit
Up to DKr 1,000,000,000 9⅝% Notes Due 1993

AB Svensk Exportkredit
U.S. $100,000,000
Three year Extendible Notes Due 1994

AB Svensk Exportkredit
U.S. $100,000,000 7½ per cent. Notes Due 1994

AB Svensk Exportkredit
U.S. $200,000,000 Zero Coupon Notes Due 1994

AB Svensk Exportkredit
U.S. $250,000,000 Zero Coupon Bonds Due 1994

AB Svensk Exportkredit
ECU 50,000,000 7½ per cent. Notes Due 1994

AB Svensk Exportkredit
ECU 60,000,000 1983-1995 Retractable Bonds

AB Svensk Exportkredit
Can. $150,000,000 Zero Coupon Bonds Due May 18, 1995

AB Svensk Exportkredit
Yen 10,140,000,000 6.625 per cent. Bonds Due 1996

AB Svensk Exportkredit
Yen 20,000,000,000 8 per cent. Dual Currency Yen/U.S. Dollar Bonds Due 1996

AB Svensk Exportkredit
FF 600,000,000 8¾% Bonds Due 1996

AB Svensk Exportkredit
U.S. $200,000,000 8⅜ per cent. Bonds Due 2026

AB Svensk Exportkredit
U.S. $100,000,000 14¾ per cent. Bonds Due 15th May, 1990

AB Svensk Exportkredit
ECU 200,000,000 7⅜% Notes Due 1992

AB Svensk Exportkredit
Can. $150,000,000 12 per cent. Notes Due 1990

AB Svensk Exportkredit
150,000 Tranche B Warrants to Purchase U.S. Dollars

Abbey National Building Society
U.S. $150,000,000 8⅜ per cent. Bonds Due 1993

Abbey National Building Society
U.S. $200,000,000 9⅜ per cent. Notes Due 1993

Abbey National Building Society
Yen 20,000,000,000 5⅛ per cent. Bonds Due 1994

Abbey National Building Society
U.S. $200,000,000 9¾ per cent. Notes Due 1994

Ætna Life and Casualty Company
U.S. $200,000,000
7¾% Notes Due 2016

Aluminum Company of Canada, Limited
U.S. $100,000,000 11¼% Debentures Due 1995

Alcan Finances B.V. U.S. $150,000,000
4% Exchangeable Guaranteed Debentures Due 2003

Alco Health Services Corporation
U.S. $100,000,000 6¼% Convertible Subordinated Debentures Due 2001

Alcoa of Australia Limited
U.S. $80,000,000 11% Notes Due 1992

Alex. Brown Incorporated
U.S. $25,000,000 5¾% Convertible Subordinated Debentures Due 2001

Alliance & Leicester Building Society
£40,000,000 10¼ per cent. Notes 1992

Alliance & Leicester Building Society
Yen 10,000,000,000 Step Up Notes Due 1995

Alliance & Leicester Building Society
£13,000,000 Subordinated Floating Rate Notes Due 1998 (Third Series)

Alliance & Leicester Building Society
£38,000,000 Subordinated Floating Rate Notes Due 1998 (Second Series)

Alliance & Leicester Building Society
£40,000,000 Subordinated Floating Rate Notes Due 1998 (Fourth Series)

Alliance & Leicester Building Society
£50,000,000 Subordinated Variable Rate Notes 1998

Alliance & Leicester Building Society
£112,000,000 Subordinated Floating Rate Notes 1998

Alliance & Leicester Building Society
£60,000,000 11⅝ per cent. Notes Due 1994

Allied-Signal Inc.
Yen 20,000,000,000 6¾% Bonds Due January 10, 1993

Aluminum Company of America
U.S. $150,000,000 6¼% Convertible Subordinated Debentures Due 2002

Alza Corporation
U.S. $75,000,000 5½% Convertible Subordinated Debentures Due 2002

Amcor Limited
A$100,000,000 9% Undated Subordinated Convertible Bonds

Amcor Limited
A$65,000,000 13⅛% Notes Due 1993

American Express Credit Corporation
ECU 100,000,000 7½% Notes Due 1991

American Express Overseas Credit Corporation N.V.
N.Z. $50,000,000 18% Guaranteed Notes Due 1990

American Express Company
U.S. $151,679,000 11⅝% Guaranteed Notes Due 2000

American International Group, Inc.
U.S. $100,000,000 10⅝% Notes Due 1990

ANZ Bank Canada
A$65,000,000 13⅛ per cent. Guaranteed Deposit Notes Due 1993

Argyll Group PLC
£60,000,000 4½% Convertible Bonds Due 2002

Arizona Public Service Company
U.S. $75,000,000 12½% Debentures Due 1992

A/S Eksportfinans
250,000 Warrants to Purchase U.S. Dollars

A/S Eksportfinans
U.S. $100,000,000 Zero Coupon Notes Due 1995

A/S Eksportfinans
U.S. $100,000,000 Zero Coupon Notes Due November 1995

A/S Eksportfinans
U.S. $360,000,000 Zero Coupon Notes Due 1994

ASLK-CGER IFICO
Yen 4,000,000,000
6½ per cent. Guaranteed Variable Redemption Amount Notes Due 1992

Associated Newspapers Holdings Limited
£50,000,000 6% Exchangeable Bonds Due 2002

Associated Newspapers Holdings Limited
£60,000,000 8¼% Guaranteed Exchangeable Bonds Due 2003

Atlantic Financial Federal
U.S. $175,000,000
7¼% Collateralized Notes Due March 26, 1990

Australia and New Zealand Banking Group Limited
U.S. $300,000,000 Perpetual Capital Floating Rate Notes

Australia and New Zealand Banking Group Limited
A$100,000,000 12¾% Bonds Due 1990

Australia and New Zealand Banking Group Limited
A$50,000,000 15¼% Bonds Due 1990

Australia and New Zealand Banking Group Limited
A$50,000,000 13¼ per cent. Notes Due 1990

Australia and New Zealand Banking Group Limited
A$100,000,000 Zero Coupon Bonds Due 1991

Australia and New Zealand Banking Group Limited
A$50,000,000 14¼ per cent. Notes Due 1991

Australia and New Zealand Banking Group Limited
A$60,000,000 13½% Bonds Due 1992

Australia and New Zealand Banking Group Limited
A$100,000,000 12⅝ per cent. Notes Due 1992

Australia and New Zealand Banking Group Limited
A$75,000,000 13% Notes Due 1992

Australia and New Zealand Banking Group Limited
A$50,000,000 14 per cent. Bonds Due 1992

Australia and New Zealand Banking Group Limited
A$50,000,000 9⅜ per cent. Bonds Due 1993

Australia and New Zealand Banking Group Limited
ECU 100,000,000 8 per cent. Notes Due 1993

Australia and New Zealand Banking Group Limited
U.S. $200,000,000 Subordinated Floating Rate Notes Due 1998

Australian Trade Commission
A$40,000,000 13⅝ per cent. Notes Due 1991

Australian Trade Commission
A$65,000,000 12⅞ per cent. Notes Due 1993

Australian Trade Commission
A$60,000,000 12¼ per cent. Notes Due 1995

Australian Wheat Board
U.S. $200,000,000 9½ per cent. Bonds Due 1993

Autopistas del Atlántico
U.S. $115,000,000 Guaranteed Floating Rate Notes Due 1993

AVIS, INC.
£50,000,000 5¼% Exchangeable Subordinated Debentures Due 2002

BT Australia Limited
A$40,000,000 13⅞ per cent. Notes Due 1992

BT GoldNotes Limited
U.S. $100,100,000 Gold-Linked Zero-Coupon Notes Due 1992

BT Holdings (Europe) Limited
U.S. $20,000,000 Guaranteed Floating Rate Subordinated Notes Due 1990

BT Holdings (Europe) Limited
U.S. $50,000,000 Guaranteed Floating Rate Subordinated Notes Due 1992

B.A.T. Finance B.V.
U.S. $100,000,000 11% Guaranteed Notes 1989

Banca Nazionale del Lavoro Singapore Branch
Yen 10,000,000,000 7½% Depositary Receipts Due 1992

Banca Nazionale del Lavoro Singapore Branch
Yen 3,000,000,000 Floating Rate Depositary Receipts Due 1994

Banca Nazionale dell'Agricoltura S.p.A.
A$40,000,000 15⅛ per cent. Depositary Receipts Due 1991

Banca Nazionale dell'Agricoltura S.p.A.
ECU 50,000,000 10% Depositary Receipts Due 1992

Banca Nazionale dell'Agricoltura S.p.A.
U.S. $150,000,000 Floating Rate Depositary Receipts Due 1992

Banco Central de Costa Rica
U.S. Dollars Floating Rate Serial Notes Due 1988-1992

Banco de Guatemala
U.S. Dollars 10% 1988 Stabilization Bonds Due 1993-1998

Banco Nacional do Desenvolvimento Economico
U.S. $50,000,000 Floating Rate Notes Due June 1989

Banco di Sicilia
U.S. $100,000,000 Floating Rate Depositary Receipts Due 1992

Bank für Gemeinwirtschaft Aktiengesellschaft
U.S. $100,000,000 Floating Rate Deposit Notes 1992

Bank of Boston Corporation
U.S. $250,000,000 Subordinated Floating Rate Notes Due 2001

Bank of Greece
U.S. $250,000,000 Floating Rate Notes Due 1999

Bank of New Zealand
U.S. $50,000,000 11½ per cent. Capital Notes 1993

Bankers Trust Holdings (U.K.) Limited
U.S. $100,000,000 Guaranteed Coupon Payment Option Notes Due 1991

Bankers Trust International Limited
300,000 Call Warrants and 300,000 Put Warrants related to the LIFFE FT – SE 100 Futures Contract

Bankers Trust International Limited
4,250 Call Warrants on the Nikkei Stock Average

Bankers Trust International Capital N.V.
U.S. $200,000,000 Guaranteed Floating Rate Subordinated Notes Due 1996

Bankers Trust New York Corporation
U.S. $150,000,000 12⅞% Notes Due 1989

Bankers Trust New York Corporation
$100,000,000 11⅛% Notes Due 1990

Bankers Trust New York Corporation
7% Dual Currency Yen/U.S. Dollar Notes Due 1991 Principal Offering Amounts: Yen 15,000,000,000

Bankers Trust New York Corporation
$300,000,000 Floating Rate Subordinated Notes Due 2000

Bankers Trust Overseas Finance N.V.
USD 200,000,000 Guaranteed Floating Rate Subordinated Notes Due 1994

Banque de Développement Economique de Tunisie
U.S. $60,000,000 Floating Rate Notes Due 1990

Banque Indosuez
U.S. $100,000,000 15% Notes Due 1989

Banque Indosuez
U.S. $100,000,000 8½% Notes Due April 1991

Banque Indosuez
Can. $75,000,000 14% Notes Due 1991

Banque Indosuez
£85,000,000 Floating Rate Notes Due 1991

Banque Indosuez
U.S. $200,000,000 12⅜% Bonds Due 1991

Banque Indosuez
U.S. $100,000,000 8 per cent. Notes Due 1991

Banque Indosuez
U.S. $100,000,000 11⅞% Bonds Due 1992

Banque Indosuez
U.S. $200,000,000 10⅛ per cent. Notes Due 1993

Banque Indosuez
Yen 6,500,000,000 7 per cent. Bull Notes Due 1993

Banque Indosuez
Yen 6,500,000,000 7 per cent. Bear Notes Due 1993

Banque Indosuez
U.S. $200,000,000 Floating Rate Notes Due 1997

Banque Indosuez
U.S. $125,000,000 Floating Rate Notes Due 1997

Banque Indosuez
U.S. $50,000,000 Zero Coupon Notes Due 1992

Banque Indosuez
£50,000,000 10¼ per cent. Notes 1992

Banque Internationale pour l'Afrique Occidentale
U.S. $50,000,000 Floating Rate Notes Due 1995

Barclays Australia (Finance) Limited
A$100,000,000 13½ per cent. Guaranteed Notes Due 1991

Barclays Funding (Jersey) Limited
Can. $100,000,000 10¼ per cent. Guaranteed Notes Due 1993

Barrick Resources (USA) Inc.
U.S. $50,000,472 5¼% Guaranteed Notes Due 1991

Barrick Resources (USA) Inc.
U.S. $50,000,916 2% Guaranteed Gold Indexed Notes Due 1992

Bayerische Vereinsbank Overseas Finance N.V.
U.S. $75,000,000 13¼% Bonds Due 1989

Bergen Bank A/S
U.S. $30,000,000 Floating Rate Notes Due 1990

Bergen Bank A/S
Issue of up to U.S. $60,000,000 U.S. Dollar Step-Down Coupon Notes Due 1990

Bergen Bank A/S
U.S. $100,000,000 Declining Coupon Bonds Due 1991

Bankers Trust Company, London

17th March, 1989

Agent Bank

Bergen Bank A/S
Yen 10,000,000,000/U.S. $63,155,400 8 per cent. Dual Currency Yen/U.S. Dollar Notes Due 1993

BfG:Luxembourg
A$50,000,000 15 per cent. Notes Due 1992

Bilbao International Limited
U.S. $150,000,000 Guaranteed Floating Rate Notes Due 2001

Bond Brewing Holdings Limited
U.S. $175,000,000 Zero Coupon Senior Notes Due January 22, 1991

Bond Finance (Europe) Limited
£125,000,000 6% Guaranteed Exchangeable Bonds Due 1998

Bond Finance (Exchangeables) Limited
£103,850,000 6% Guaranteed Exchangeable Bonds Due 1998

Bond Finance International
U.S. $200,000,000 5¾ per cent. Guaranteed Subordinated Convertible Bonds Due 1997

Bond Finance International
U.S. $80,000,000 6 per cent. Guaranteed Subordinated Convertible Bonds Due 1997

Boston International Finance Corporation N.V.
U.S. $100,000,000 14¼% Guaranteed Notes Due June 1, 1989

Bremer Landesbank Capital Markets P.L.C.
Australian Dollars 40,000,000 15% Notes Due 1990

BP Capital B.V.
£50,000,000 10¾ per cent. Guaranteed Notes 1992

BPCA Finance Limited
U.S. $100,000,000 11¼ per cent Guaranteed Forex-Linked Bonds Due 1995

Brierley Investments Overseas N.V.
£100,000,000 11¼ per cent. Guaranteed Notes Due 1989

Bristol & West Building Society
£150,000,000 Floating Rate Notes Due 1993

British Aerospace Public Limited Company
£100,000,000 10¾ per cent. Bonds Due 2014

British Airways Plc
£100,000,000 10⅞ per cent. Bonds Due 2008

British Petroleum (Overzee) B.V.
25,000 8% Dual Currency Yen/U.S. Dollar Guaranteed Bonds Due 1995

British Telecom Finance B.V.
U.S. $200,000,000 8⅜ per cent. Guaranteed Bonds 1995

British Telecom Finance B.V.
U.S. $250,000,000 9⅜ per cent. Guaranteed Bonds 1998

Burton Capital B.V.
U.S. $80,000,000 9¾ per cent. Guaranteed Notes 1991

C. Itoh Finance (Europe) PLC
U.S. $30,000,000 Guaranteed Deferred Interest Accrual Floating Rate Notes Due 1992

Cadbury Schweppes Public Limited Company
U.S. $80,000,000 8 per cent. Convertible Bonds 2000

Caisse d'Aide à l'Equipement des Collectivités Locales
U.S. $75,000,000 11⅛% Notes Due 1990

Caisse Nationale de Crédit Agricole
U.S. $125,000,000 10% Notes Due 1990

Caisse Nationale de Crédit Agricole
U.S. $150,000,000 7½ per cent. Bonds Due 1994

Caisse Nationale des Télécommunications
U.S. $150,000,000 7 per cent. Notes Due 1991

Campbell Soup Company
U.S. $100,000,000 8¼% Notes Due 1991

Campbell Soup Overseas Finance N.V.
U.S. $200,000,000 Zero Coupon Guaranteed Notes Due 1992

Campbell Soup Company
U.S. $100,000,000 10⅛% Notes Due 1995

Campbell Soup Company
U.S. $100,000,000 7½% Notes Due 1998

Cargill, Incorporated
U.S. $100,000,000 9¾% Bonds Due March 15, 2016

Carps II Limited
U.S. $80,000,000 Secured Floating Rate Notes Due 1992

Cassa di Risparmio delle Provincie Lombarde
U.S. $100,000,000 Zero Coupon Depositary Receipts Due 1991

Central International Limited
U.S. $150,000,000 Floating Rate Notes Due 2000

Central International Limited
U.S. $150,000,000 Floating Rate Notes Due 2006

Centrust Savings Bank
U.S. $100,000,000 Collateralized Floating Rate Notes Due 1995

Centrust Savings Bank
U.S. $100,000,000 Collateralized Floating Rate Notes Due 1996

Centrust Savings Bank
U.S. $200,000,000 Collateralized Floating Rate Notes Due 1996

Chase Corporation Finance New Zealand N.V.
U.S. $75,000,000 5¼% Guaranteed Subordinated Convertible Bonds Due 1997

Cheltenham & Gloucester Building Society
£50,000,000 9½ per cent. Notes Due 1992

Chevron Corporation
U.S. $300,000,000 8¾% U.S. Dollar Bearer Notes of 1986/1996

Chrysler Financial Corporation New Zealand
U.S. $65,000,000 17% Subordinated Notes Due August 1990

Chrysler Financial Corporation
A$55,000,000 13⅛% Subordinated Bonds Due 1992

Chrysler Financial Corporation
ECU 56,000,000 9¾% Subordinated Notes Due March 12, 1994

City of Stockholm
U.S. $50,000,000 Retractable Debentures Due March 15, 1998

CityFed Capital Corp.
U.S. $200,000,000 Collateralized Floating Rate Notes Due 1991

Coca-Cola Enterprises Inc.
U.S. $150,000,000 8¾% Notes Due 1992

Coles Myer Finance International Limited
A$125,000,000 9½% Subordinated Convertible Bonds Due 1997

Comcast Corporation
U.S. $100,000,000 2¾% Convertible Subordinated Debentures Due 2003

Comerica Incorporated
U.S. $75,000,000 Floating Rate Subordinated Capital Notes Due 1997

Commercial Shearing, Inc.
U.S. $25,000,000 6% Convertible Subordinated Debentures Due 2001

The Commissioners of the State Bank of Victoria
U.S. $125,000,000 8¼% Guaranteed Notes Due 1993

Commonwealth Bank of Australia
U.S. $300,000,000 undated Floating Rate Notes Exchangeable into dated Floating Rate Notes

Commonwealth Bank of Australia
A$125,000,000 Puttable Adjustable Rate Notes Due 1992

Commonwealth Bank of Australia
£40,000,000 11% Notes Due 1992

Commonwealth Bank of Australia
£50,000,000 9⅜ per cent. Notes Due 1993

Commonwealth Bank of Australia
Yen 5,000,000,000 Zero Coupon Notes Due 1993

Commonwealth of Australia
Yen 45,000,000,000 5½ per cent. Bonds Due 1991

Commonwealth of Australia
£100,000,000 10⅜ per cent. Bonds 1997

Commonwealth Bank of Australia
U.S. $600,000,000 Floating Rate Notes Due 1998

Commonwealth Bank of Australia
U.S. $400,000,000 Undated Floating Rate Notes Exchangeable into Dated Floating Rate Notes

Compagnie des Bauxites de Guinee
U.S. $30,000,000 8% Guaranteed Bonds Due 1990

Computer Products Overseas Finance N.V.
U.S. $15,000,000 7 per cent. Convertible Subordinated Bonds Due 1999

Consolidated Gold Fields PLC
£110,000,000 6¾ per cent. Convertible Subordinated Bonds Due 2002

Costain Group PLC
U.S. $50,000,000 7⅜ per cent. Bonds Due 1992

Costain Finance N.V.
9,600 7½ per cent. Guaranteed Redeemable Convertible Preference Shares 2003

The Council of Europe Resettlement Fund
U.S. $150,000,000 9⅜ per cent. Bonds Due 1996

Crediop Finance Plc
Yen 5,000,000,000 6⅛ per cent. Guaranteed Variable Redemption Amount Notes Due 1992

Crédit d'Equipement des Petites et Moyennes Entreprises
Up to U.S. $200,000,000 Guaranteed Floating Rate Notes Due 1996

Crédit d'Equipement des Petites et Moyennes Entreprises
£100,000,000 Guaranteed Floating Rate Notes Due 1996

Crédit d'Equipement des Petites et Moyennes Entreprises
£35,000,000 11¼% Guaranteed Bonds 1995

Crédit d'Equipement des Petites et Moyennes Entreprises
U.S. Dollar denominated Guaranteed Floating Rate Notes 1995

Crédit Foncier de France
Yen 20,000,000,000 5¾ per cent. Guaranteed Notes Due 1994

Crédit Foncier de France
USD 200,000,000 Floating Rate Notes Due 1989

Crédit Foncier de France
USD 200,000,000 12½% Bonds Due 1992

Crédit Lyonnais
Can. $75,000,000 10⅜ per cent. Notes Due 1991

Crédit Lyonnais
£75,000,000 10⅛ per cent. Notes 1992

Crédit National
U.S. $150,000,000 7¾ per cent. Guaranteed Notes Due 1991

Creditanstalt-Bankverein
U.S. $50,000,000 10 per cent. Variable Redemption Amount Bonds Due 18th June, 1989

Creditanstalt-Bankverein
U.S. $100,000,000 11¼ per cent. Subordinated Bonds Due 1990

Creditanstalt-Bankverein
Can. $75,000,000 10⅜ per cent. Bonds Due 1993

Creditanstalt-Bankverein
U.S. $125,000,000 Subordinated Floating Rate Notes 1994

Creditanstalt-Bankverein
Issue of up to U.S. $100,000,000 9⅜ per cent. Bonds Due 1995

Creditanstalt-Bankverein
U.S. $150,000,000 Subordinated Floating Rate Notes 1996

Credito Italiano
A$50,000,000 13⅛ per cent. Depositary Receipts Due 1989

Credito Italiano
Yen 10,000,000,000 7.20 per cent. Dual Currency Yen/Australian Dollar Depositary Receipts Due 1998

CSR Finance Limited
U.S. $100,000,000 7½ per cent. Guaranteed Bonds 1995

CSWI International Finance N.V.
$15,000,000 9% Convertible Subordinated Guaranteed Debentures Due 1996

Dart and Kraft Financial Corporation
U.S. $100,000,000 10⅛ per cent Series 'A' Notes Due 1996

Dart and Kraft Financial Corporation
U.S. $100,000,000 10⅛ per cent Series 'B' Notes Due 1996

Dart and Kraft Financial Corporation
U.S. $85,000,000 7⅞ per cent Guaranteed Debentures Due 1998

Den norske stats oljeselskap a.s
U.S. $250,000,000 9¾% Notes Due 1992

Den norske stats oljeselskap a.s
U.S. $200,000,000 9⅝% Bonds Due 1995

DG Finance Company B.V.
A$75,000,000 14 per cent. Notes Due 1990

DG Finance Company B.V.
A$50,000,000 14 per cent. Notes Due 1991

DG Finance Company B.V.
A$50,000,000 14⅛ per cent. Notes Due 1992

Die Erste österreichische Spar-Casse-Bank
A$60,000,000 13⅛ per cent. Notes Due 1990

Dixons Group plc
£90,000,000 11 per cent. Bonds Due April 1995

EAB Finance N.V.
U.S. $75,000,000 Guaranteed Floating Rate Notes Due 1990

EAB Finance N.V.
U.S. $75,000,000 Guaranteed Floating Rate Notes Due 1993

Elders IXL (Finance) PLC
£300,000,000 10¾% Guaranteed Notes Due 1992

Electricité de France
Yen 20,000,000,000 5¾ per cent. Guaranteed Notes Due 1991

Electricité de France
U.S. $100,000,000 11⅝% Guaranteed Notes Due 1993

Electricité de France
8 per cent. Dual Currency Japanese Yen/U.S. Dollar Guaranteed Bonds Due 1995

Electricity Generating Authority of Thailand
U.S. $60,000,000 Guaranteed Floating Rate Notes Due 1991

Emhart Corporation
£35,000,000 11 per cent. Notes 1992

Equitable Bancorporation Overseas Finance N.V.
U.S. $50,000,000 Guaranteed Senior Floating Rate Notes Due 1994

European Atomic Energy Community
Italian Lire 107,000,000,000 10⅛ per cent. Notes Due 1992

European Economic Community
U.S. $350,000,000 8 per cent. Notes Due 1990

European Economic Community
U.S. $350,000,000 9⅝ per cent. Notes Due 1990

European Economic Community
U.S. $100,000,000 12% Bonds Due 1993

European Economic Community
£50,000,000 11⅛ per cent. Bonds 1994

European Investment Bank
U.S. $200,000,000 10 per cent. Notes Due 1990

European Investment Bank
U.S. $200,000,000 11½ per cent. Bonds Due 15th December, 1990

European Investment Bank
U.S. $150,000,000 11⅞ per cent. Bonds Due 1993

European Investment Bank
U.S. $50,000,000 8¾% Bonds Due 1992

European Investment Bank
Yen 40,000,000,000 4⅜ per cent. Bonds 1994

European Investment Bank
Issue of up to £75,000,000 10⅛ per cent. Bonds Due 1996

European Investment Bank
£200,000,000 10 per cent. Notes Due 1997

European Investment Bank
U.S. $100,000,000 9 per cent. Bonds Due 1998

Exclusive Finance No. 1 PLC
£135,000,000 Mortgage Backed Floating Rate Notes Due 2015

Exxon Capital Corporation
U.S. $250,000,000 4⅛% Guaranteed Discount Notes Due May 8, 1996

Facet Enterprises, Inc.
U.S. $50,000,000 7% Convertible Subordinated Debentures Due 2002

Fairmont Financial, Inc.
U.S. $25,000,000 7% Convertible Subordinated Debentures Due 2001

FANMAC Overseas No. 1 Limited
A$50,000,000 15⅛% Bonds Due June 30, 1992

Far West Capital Corp.
Up to U.S. $125,000,000 Collateralized Floating Rate Notes Due 1993

Fidelity Federal Savings and Loan Association
U.S. $100,000,000 Collateralized Floating Rate Notes Due 1992

Finnish Export Credit Ltd
U.S. $150,000,000 8⅞ per cent. Notes Due 1990

Finnish Export Credit Ltd
Can. $75,000,000 10⅜ per cent. Notes Due 1991

Finnish Export Credit Ltd
U.S. $150,000,000 9⅞ per cent. Notes Due 1991

Finnish Export Credit Ltd
U.S. $200,000,000 8½ per cent. Notes Due 1992

Finnish Export Credit Ltd
ECU 125,000,000 8 per cent. Notes Due 1993

Finns Limited
Can. $50,000,000 10 per cent. Secured Notes Due 1993 and 50 Norwegian Krona 'A' Call Warrants and 50 Norwegian Krona 'B' Call Warrants

First Chicago Overseas Finance N.V.
U.S. $100,000,000 Guaranteed Floating Rate Subordinated Notes Due 1994

First Interstate Bancorp
U.S. $60,000,000 Floating Rate Forex-Linked Notes Due 1996

First Union Corporation
U.S. $150,000,000 Floating Rate Notes Due 1996

Fisons Finance Netherlands B.V.
U.S. $50,000,000 5¾% Guaranteed Convertible Bonds 2001

Fleet Financial Group, Inc.
U.S. $100,000,000 Floating Rate Subordinated Capital Notes Due June 1998

Fletcher Challenge Finance Netherlands B.V.
U.S. $100,000,000 9¾% Guaranteed Bonds Due 1993

Fletcher Challenge Finance Netherlands B.V.
U.S. $75,000,000 8% Subordinated Convertible Bonds Due 1998

Fluor Finance N.V.
$150,000,000 Zero Coupon Debentures Due March 31, 1990

Forsmarks Kraftgrupp Aktiebolag
U.S. $100,000,000 8⅞ per cent. Guaranteed Notes Due 1991

General Cinema Corporation
£110,000,000 5 per cent. Exchangeable Subordinated Debentures Due 2002

General Electric Company
ECU 150,000,000 7⅞ per cent. Notes Due 1992

General Re Corporation
U.S. $100,000,000 11⅛% Notes Due 1992

GenFinance N.V.
U.S. $100,000,000 11⅛% Bonds Due 1990

Genossenschaftliche Zentralbank Aktiengesellschaft
U.S. $100,000,000 Perpetual Floating Rate Subordinated Notes

Genossenschaftliche Zentralbank Aktiengesellschaft
U.S. $100,000,000 14% Subordinated Bonds Due June 1991

Genossenschaftliche Zentralbank Aktiengesellschaft GZB-Vienna
Issue of up to ECU 100,000,000 8% Notes Due 1993

Gibraltar Savings
U.S. $100,000,000 7½% Convertible Subordinated Debentures Due 2006

Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft
A$75,000,000 13⅞ per cent. Notes Due 1990

Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft
A$50,000,000 12⅜ per cent. Notes Due 1992

Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft
Can. $75,000,000 9% Subordinated Bonds Due 1994

Goldstar Co., Ltd.
U.S. $30,000,000 Guaranteed Floating Rate Notes Due 2000

Goldstar Co., Ltd.
U.S. $30,000,000 1¾% Convertible Bonds Due 2002

Government Insurance Office of New South Wales
A$40,000,000 13⅛ per cent. Notes Due 1989

Government Insurance Office of New South Wales
A$50,000,000 13 per cent. Notes Due April 1990

Government Insurance Office of New South Wales
A$50,000,000 14 per cent. Notes Due 1991

Grand Metropolitan PLC
£100,000,000 6¼ per cent. Subordinated Convertible Bonds Due 2002

Guaranteed Investments Limited
Guaranteed Floating Rate Notes Due 2037/38 Puttable 1997/1998 (The Royal Bank of Canada Series)

Guaranteed Investments Limited
Guaranteed Floating Rate Notes Due 2037/38 Puttable 1997/1998 (Societe Generale Series)

Guaranteed Investments Limited
Guaranteed Floating Rate Notes Due 2037/38 Puttable 1997/1998 (Canadian Imperial Bank Commerce Series)

Guaranteed Investments Limited
Guaranteed Floating Rate Notes Due 2037/38 Puttable 1997/1998 (Bank of Scotland Series)

Guaranteed Investments Limited
Guaranteed Floating Rate Notes Due 2037/38 Puttable 1997/1998 (Lloyds Bank PLC) (Series 3)

Guaranteed Investments Limited
Guaranteed Floating Rate Notes Due 2037/38 Puttable 1997/1998 (Banque Nationale de Paris Series)

Gulf States Overseas Finance N.V.
U.S. $50,000,000 16% Guaranteed Debentures Due 1990

Gulf States Utilities Company
U.S. $75,000,000 13% Debentures Due 1992

Hanil Bank
U.S. $50,000,000 Floating Rate Notes Due 1995

Home Shopping Network
U.S. $100,000,000 5½% Convertible Subordinated Debentures Due April 22, 2002

Honeywell Inc.
U.S. $100,000,000 7⅞ per cent. Bonds 1996

Bankers Trust Company, London
17th March, 1989

Agent Bank

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Household Bank, f.s.b. a Federal Savings Bank
U.S. $100,000,000 Collateralized Floating Rate Notes Due June 1996

Hydro-Québec
U.S. $400,000,000 Undated Floating Rate Notes, Series GL

Hydro-Québec
Yen 10,000,000,000 6⅝ per cent. Debentures, Series GE, Due 28th February, 1994

Hydro-Québec
Yen 25,000,000,000 8 per cent. Dual Currency Yen/U.S. Dollar Debentures, Series GB, Due 17th July, 1995

Hydro-Québec
U.S. $200,000,000 Floating Rate Notes, Series FY, Due July 2002

Hydro-Québec
U.S. $200,000,000 Floating Rate Notes, Series FV, Due May 2005

Hypobank International S.A., Luxembourg
Can. $75,000,000 10⅛ per cent. Notes Due 1992

I/S Elsam (The Jutland-Funen Electricity Consortium)
Yen 12,000,000,000 5¼ per cent. Bonds Due 1998

IDB International N.V.
U.S. $30,000,000 Guaranteed Floating Rate Notes 1990

IKB Finance B.V.
A$40,000,000 14 per cent. Guaranteed Notes Due 1991

IKB Finance B.V.
Can. $40,000,000 9 per cent. Guaranteed Bonds Due 1994

IPF (Illinois Power Finance) Company N.V.
U.S. $100,000,000 12½% Guaranteed Debentures Due 1992

IMI Bank (International)
ECU 100,000,000 8 per cent. Guaranteed Notes Due 1991

IMI Bank (International)
Yen 7,000,000,000 Zero Coupon Bonds Due 1992

IMI Bank (International)
ECU 100,000,000 7⅞ per cent. Notes Due 1992

IMI Bank (International)
U.S. $100,000,000 9.7 per cent. Hybrid Currency Notes Due 1993

Imperial Chemical Industries PLC
£125,000,000 11¼ per cent. Bonds 1995

Imperial Chemical Industries PLC
A$100,000,000 15% Notes Due 1992

Inco Limited
£25,000,000 15¾ per cent. Unsecured Loan Stock 2006

Indosuez Australia Limited
A$50,000,000 14⅞ per cent. Guaranteed Notes 1990

Indosuez Australia Limited
A$50,000,000 14½ per cent. Guaranteed Notes 1990

Indosuez Australia Limited
A$50,000,000 14⅛ per cent. Notes 1991

Industrialization Fund of Finland Ltd
U.S. $93,000,000 Zero Coupon Bonds Due 1993

Industrias Peñoles, S.A.
U.S. $60,000,000 Floating Rate Notes Due 1989

Inspectorate International Finance N.V.
£69,300,000 5% Guaranteed Convertible Bonds Due 1998

International Bank for Reconstruction and Development
Italian Lire 150,000,000,000 10½% Notes Due 1993

International Bank for Reconstruction and Development
$250,000,000 U.S. Dollar Floating Rates Notes Due February 1994

International Corona Resources (Bermuda) Ltd.
U.S. $50,001,179 3¾% Guaranteed Notes Due 1992

International Paper Company
U.S. $200,000,000 5⅛% Convertible Subordinated Debentures Due 2002

International Standard Electric Corporation
U.S. $75,000,000 12% Sinking Fund Bonds Due 1996

International Standard Electric Corporation
U.S. $112,000,000 Zero Coupon Notes Due 1997

Internorth
U.S. $100,000,000 9⅜% Notes Due 1996

3i International B.V.
FF 500,000,000 9⅝ per cent. Series A Guaranteed Bonds 1994

3i International B.V.
Up to FF500,000,000 9⅝ per cent. Series B Guaranteed Bonds 1994

3i International B.V.
£100,000,000 10 per cent. Guaranteed Notes 1993

Isveimer
U.S. $175,000,000 Floating Rate Certificates Due 1990

ITT Financial Corporation
A$75,000,000 14% Australian Dollar Senior Notes Due August 21, 1990

ITT Antilles N.V.
U.S. $100,000,000 11½% Bonds Due 1992

ITT Financial Corporation
U.S. $100,000,000 12⅜% Senior Notes Due November 15, 1994

ITT Financial N.V.
U.S. $100,000,000 three-Year Extendible Guaranteed Notes Due 1996

ITT Financial N.V.
U.S. $125,000,000 11½% Guaranteed Notes Due 1989

John Hancock Mutual Life Insurance Company
U.S. $100,000,000 7⅞% Notes Due May 15, 1996

John Lewis plc
£50,000,000 10⅞ per cent. Bonds 2006

Kansallis-Osake-Pankki
Can. $75,000,000 10 per cent. Notes Due 1993

Kansallis-Osake-Pankki
Yen 10,000,000,000 6 per cent. Variable Redemption Amount Notes Due 1992

Kawasaki Steel International Finance Public Limited Company
U.S. $30,000,000 Guaranteed Stepped Coupon Notes Due 1994

Kiewit U.S. Co.
U.S. $100,000,000
10⅜% Notes Due September 1990

Kingdom of Norway
£200,000,000 10½ per cent. Notes Due 1994

Kingdom of Sweden
U.S. $200,000,000 11½% Notes Due 1989

Kingdom of Sweden
U.S. $200,000,000 12⅜ per cent. Bonds Due 1989

Kingdom of Sweden
U.S. $200,000,000 10⅞ per cent. Bonds Due 1990

Kingdom of Sweden
U.S. $250,000,000 7 per cent. Bonds Due 1991

Kingdom of Sweden
U.S. $100,000,000 11⅛ per cent. Notes Due 1991

Kingdom of Sweden
U.S. $200,000,000 8⅛ per cent. Notes Due 1992

Kingdom of Sweden
U.S. $250,000,000 10⅛ per cent. Bonds Due 1992

Kingdom of Sweden
£75,000,000 11⅛ per cent. Bonds Due 1993

Kingdom of Sweden
U.S. $150,000,000 8⅝% Bonds Due 1994

Kingdom of Sweden
U.S. $100,000,000 11⅞% Bonds Due 1994

Kingdom of Sweden
Yen 20,000,000,000 5⅞ per cent. Bonds Due 1995

Kingdom of Sweden
U.S. $200,000,000 8¾% Bonds Due 1996

Kingdom of Sweden
£100,000,000 8⅞ per cent. Bonds Due 1996

Kingdom of Sweden
£100,000,000 9½ per cent. Bonds Due 1997

Kingdom of Sweden
U.S. $250,000,000 8⅝% Bonds Due 2016

Komatsu Overseas Finance PLC
Yen 15,000,000,000 Reverse Dual Currency Yen/Australian Dollar 6.8 per cent. Guaranteed Extendible Bonds Due 1993

Kone Finance N.V.
A$30,000,000 13% Guaranteed Notes Due 1990

Korea Exchange Bank
U.S. Dollar Denominated Floating Rate Notes Due 1994

Korea Exchange Bank
£100,000,000 Floating Rate Notes Due 1994

Korea Exchange Bank
U.S. $100,000,000 Floating Rate Notes Due 2000

Kraft, Inc.
A$75,000,000 13⅜% Notes Due 1991

LB Rheinland-Pfalz Finance B.V.
U.S. $100,000,000 7⅞ per cent. Notes Due 1991

Landsvirkjun
U.S. $60,000,000 Floating Rate Notes Due 2000

Leeds Permanent Building Society
Floating Rate Notes Due 1998

Levi Strauss International Finance Company N.V.
U.S. $75,000,000
11% Guaranteed Notes Due July 1, 1990

Lives XIV Limited
U.S. $50,000,000 Series A Secured Floating Rate Notes Due 1992

Lives XIV Limited
U.S. $20,000,000 Series B Secured Floating Rate Notes Due 1992

Lone Star Technologies, Inc.
U.S. $50,000,000 8% Convertible Subordinated Debentures Due 2002

Macy Credit Corp.
U.S. $100,000,000 11⅛% Notes Due 1995

MB Group plc (formerly Metal Box p.l.c.)
£65,000,000 5⅞ per cent. Subordinated Convertible Bonds Due 2002

MB Group plc (formerly Metal Box p.l.c.)
U.S. $50,000,000 5⅛ per cent. Bonds Due 1993 with Warrants to procure the subscription of ordinary shares of Metal Box p.l.c.

Malaysia
U.S. $850,000,000 Floating Rate Notes Due 1993

Malaysia
U.S. $600,000,000 Floating Rate Notes Due 2009

Malaysia
U.S. $600,000,000 Floating Rate Notes Due 2015

Manufacturers Hanover Overseas Capital Corporation
U.S. $200,000,000 14⅛% Guaranteed Notes Due May 15, 1989

Manufacturers Hanover Australia Limited
A$125,000,000 Guaranteed Floating Rate Notes Due 1992

Manufacturers Hanover Corporation
U.S. $150,000,000 Floating Rate Notes Due 1992

Manufacturers Hanover Overseas Capital Corporation
U.S. $100,000,000 Guaranteed Floating Rate Notes Due 1994

Manufacturers Hanover Overseas Capital Corporation
U.S. $150,000,000 Guaranteed Floating Rate Subordinated Notes Due August 1996

Manufacturers Hanover Corporation
U.S. $100,000,000 Guaranteed Floating Rate Subordinated Notes Due 1997

Manufacturers Hanover Trust Company
U.S. $200,000,000 Floating Rate Subordinated Capital Notes Due April 1997

Manufacturers Hanover Corporation
U.S. $200,000,000 Floating Rate Subordinated Notes Due November 1997

Manufacturers Hanover Corporation
U.S. $150,000,000 Floating Rate Subordinated Capital Notes Due 1998

Manufacturers Hanover Overseas Capital Corporation
U.S. $100,000,000 11⅛% Guaranteed Subordinated Notes Due 1996

Manufacturers Hanover Overseas Capital Corporation
U.S. $100,000,000 Guaranteed Floating Rate Subordinated Notes Due 1996

Massachusetts Mutual Life Insurance Company
U.S. $100,000,000 7⅞% Notes Due 1993

McDonald's Corporation
£40,000,000 10⅛% Notes Due April 17, 1990

McDonald's Corporation
£50,000,000 10⅜% Notes Due March 12, 1992

McDonald's Finance Company N.V.
U.S. $75,000,000 9⅜% Guaranteed Notes Due February 8, 1993

McDonald's Corporation
£100,000,000 Zero Coupon Notes Due June 4, 1996

Mentor Corporation
U.S. $30,000,000 6⅞ per cent. Convertible Subordinated Debentures Due 2002

Merrill Lynch & Co., Inc.
U.S. $200,000,000 8% Notes Due 1993

Midas Funding Corporation
U.S. $280,000,000 8.1 per cent. Secured Notes Due 1991

Midland International Financial Services B.V.
U.S. $150,000,000 11½ per cent. Guaranteed Bonds 1992

Midland International Financial Services B.V.
9½ per cent. Guaranteed Bonds 1992

Midland International Financial Services B.V.
U.S. $75,000,000 8⅛ per cent. Guaranteed Bonds 1992

Mitsubishi Trust Finance (Asia) Limited
U.S. $120,000,000 10⅛ per cent. Guaranteed Bonds Due 1996

Mitsui Trust Finance (Hong Kong) Limited
U.S. $100,000,000 12⅛% Guaranteed Notes Due 1989

Mitsui Trust Finance (Hong Kong) Limited
U.S. $100,000,000 11⅜% Guaranteed Notes Due 1990

Mitsui Trust Finance (Hong Kong) Limited
U.S. $100,000,000 12% Guaranteed Notes Due 1991

Mitsui Trust Finance (Hong Kong) Limited
U.S. $200,000,000 7⅛% Guaranteed Notes Due 1994

Mobil Corporation
U.S. $200,000,000 10⅛ per cent. Notes Due 1990

Moët-Hennessy
U.S. $50,000,000 7 per cent. Convertible Bonds Due 1999

Muirfield Funding Limited
U.S. $100,000,000 Guaranteed Floating Rate Notes Due 2018 Series A

Muirfield Funding Limited
U.S. $100,000,000 Guaranteed Floating Rate Notes Due 2018 Series B

Muirfield Funding Limited
U.S. $100,000,000 Guaranteed Floating Rate Notes Due 2018 Series C

Muirfield Funding Limited
U.S. $100,000,000 Guaranteed Floating Rate Notes Due 2018 Series D

Muirfield Funding Limited
U.S. $100,000,000 Guaranteed Floating Rate Notes Due 2018 Series E

Muirfield Funding Limited
U.S. $100,000,000 Guaranteed Floating Rate Notes Due 2018 Series F

Muirfield Funding Limited
U.S. $100,000,000 Guaranteed Floating Rate Notes Due 2018 Series G

Muirfield Funding Limited
U.S. $100,000,000 Guaranteed Floating Rate Notes Due 2018 Series H

N.S. Finance Corporation N.V.
U.S. $5,000,000 Series G. Guaranteed Floating Rate Notes Due 1989

N.T. Co. Finance Limited
U.S. $100,000,000 7⅞% Guaranteed Notes Due 1991

National & Provincial Building Society
£75,000,000 10% Notes Due 1993

National & Provincial Building Society
Yen 10,000,000,000 Floating Rate Notes Due 1995

National & Provincial Building Society
£200,000,000 Floating Rate Notes 1996

National & Provincial Building Society
£200,000,000 Floating Rate Notes 1999

National Australia Bank Limited
A$50,000,000 14 per cent. Notes Due 1992

National Australia Bank Limited
A$40,000,000 13¾ per cent. Notes Due 1992

National Australia Bank Limited
U.S. $60,000,000 Zero per cent. Notes Due 1992

National Australia Bank Limited
U.S. $50,000,000 Floating Rate/High Initial Spread Notes Due 1993

National Australia Bank Limited
U.S. $36,000,000 Notes Due 1992

National Mutual Group Finance Limited
£120,000,000 10% Notes Due 1993

National Westminster Bank PLC
A$70,000,000 13⅛ per cent. Notes 1992

National Westminster Bank PLC
£100,000,000 9 per cent. Deposit Notes 1992

Nationwide Anglia Building Society
£80,000,000 Subordinated Floating Rate Notes Due July 1998

Nestlé Holdings, Inc.
ECU 250,000,000 7⅛ per cent. Notes Due 1991

New South Wales Treasury Corporation
A$50,000,000 14⅞% Guaranteed Notes Due 1990

New South Wales Treasury Corporation
US $150,000,000 11⅞% Guaranteed Notes Due 1990

New South Wales Treasury Corporation
£50,000,000 10⅛ per cent. Guaranteed Bonds 1992

New South Wales Treasury Corporation
Yen 15,000,000,000 4⅞ per cent Guaranteed Bonds Due 1992

New South Wales Treasury Corporation
A$75,000,000 12⅞ per cent. Guaranteed Bonds Due 1992

New South Wales Treasury Corporation
A$100,000,000 14¼ per cent. Guaranteed Bonds Due 1992

New South Wales Treasury Corporation
ECU 60,000,000 8¼% Guaranteed Bonds Due 1993

New South Wales Treasury Corporation
A$150,000,000 12.1% Guaranteed Exchangeable Bonds Due 1995

News International plc
U.S. $150,000,000 7½% Guaranteed Bonds Due 1990

News International plc
£75,000,000 9⅜% Guaranteed Bonds Due 1992

News International plc
£75,000,000 9⅜% Guaranteed Bonds Due 1994

Noel Limited
U.S. $50,000,000 Secured Floating Rate Notes Due 1993

Nordiska Investeringsbanken
Can. $75,000,000 10 per cent. Notes Due 1992

Norges Kommunalbank
U.S. $150,000,000 8 per cent. Guaranteed Bonds Due 1994

Northeast Savings, F.A.
U.S. $150,000,000 Collateralized Floating Rate Notes Due 1996

Nordiska Investeringsbanken
200,000 Warrants to Purchase U.S. Dollars

Nordiska Investeringsbanken
200,000 Warrants to Purchase 8⅞ per cent. U.S. Treasury Notes

Northern Telecom International Finance B.V.
U.S. $50,000,000 7% Convertible Subordinated Debentures Due 1998

Oesterreichische Kontrollbank Aktiengesellschaft
U.S. $175,000,000 10⅜% Guaranteed Notes 1990

Oesterreichische Kontrollbank Aktiengesellschaft
U.S. $175,000,000 10% Guaranteed Notes 1991

Oesterreichische Kontrollbank Aktiengesellschaft
£30,000,000 12⅛% Guaranteed Notes 1991

Oesterreichische Kontrollbank Aktiengesellschaft
Yen 20,000,000,000 5⅜% Guaranteed Yen Bonds Due 1991

Oesterreichische Kontrollbank Aktiengesellschaft
U.S. $52,130,000 15⅛% Guaranteed Bonds 1992

Oesterreichische Kontrollbank Aktiengesellschaft
Yen 25,000,000,000 4⅞% Guaranteed Bonds Due 1992

Oesterreichische Kontrollbank Aktiengesellschaft
U.S. $200,000,000 8⅜% Guaranteed Notes Due 1993

Oesterreichische Kontrollbank Aktiengesellschaft
Yen 13,000,000,000 5 per cent. Guaranteed Yen Bonds Due 1993

Oesterreichische Kontrollbank Aktiengesellschaft
U.S. $200,000,000 8⅜% Guaranteed Notes Due 1993

Oesterreichische Kontrollbank Aktiengesellschaft
A$75,000,000 13⅜% Guaranteed Notes Due 1994

Oesterreichische Kontrollbank Aktiengesellschaft
U.S. $50,000,000 12 per cent. Guaranteed Bonds Due 1994

Oesterreichische Kontrollbank Aktiengesellschaft
8 per cent. Dual Currency Yen Redemption Guaranteed Bonds Due 1996

Oesterreichische Kontrollbank Aktiengesellschaft
Can. $100,000,000 9% Guaranteed Bonds Due 1997

Oesterreichische Kontrollbank Aktiengesellschaft
U.S. $100,000,000 12 per cent. Subordinated Notes 1992

Österreichische Länderbank Aktiengesellschaft
Yen 5,000,000,000 7 per cent. Variable Redemption Amount Notes Due 1992

Österreichische Länderbank Aktiengesellschaft
Yen 5,000,000,000 Floating Rate Notes 1992

Österreichische Länderbank Aktiengesellschaft
U.S. $50,000,000 Floating Rate Subordinated Notes Due 1994

Österreichische Länderbank Aktiengesellschaft
U.S. $100,000,000 Floating Rate Subordinated Notes Due 1999

Ogden Corporation
U.S. $85,000,000 6% Convertible Subordinated Debentures Due 2002

Ogden Corporation
U.S. $75,000,000 5¾% Convertible Subordinated Debentures Due 2002

Orient Leasing (Caribbean) N.V.
U.S. $30,000,000 10 per cent. Guaranteed Notes 1993

Orient Leasing (Caribbean) N.V.
U.S. $30,000,000 8⅞ per cent. Guaranteed Notes 1993

Orient Leasing (Caribbean) N.V. (to be renamed Orix (Caribbean) N.V. as from 1st April, 1989)
Yen 5,000,000,000 5 per cent. Guaranteed Notes 1994

Bankers Trust Company, London

17th March, 1989

Agent Bank

Orient Leasing (Caribbean) N.V. (to be renamed Orix (Caribbean) N.V. as from 1st April, 1989)
Yen 10,000,000,000 7 per cent. Guaranteed Notes 1996

Pacific Gas and Electric Company
U.S. $75,000,000 12% Debentures Due 1992/2000

PKbanken
U.S. $75,000,000 12% Subordinated Notes Due 1990

PKbanken
U.S. $75,000,000 11¼% Subordinated Notes Due 1990

PKbanken
A$47,800,000 13⅜% Notes Due 1991

PKbanken
U.S. $50,000,000 Floating Rate Notes Due 1991

PKbanken
Yen 20,000,000,000 7½% per cent. Variable Redemption amount Notes Due 1992

PKbanken
U.S. $50,000,000 11½% Subordinated Notes Due 1992

PKbanken
Yen 10,000,000,000 8 per cent. Variable Redemption Amount Notes Due 1992

PKbanken
U.S. $50,000,000 9⅝ per cent. Notes 1993

PKbanken
U.S. $92,000,000 10 per cent. Notes 1993

Pearson plc
£100,000,000 Zero Coupon Bonds 1992

Pearson plc
£100,000,000 10½ per cent. Bonds Due 2008

Pepsico Capital Corporation N.V.
$75,000,000 8% Convertible Subordinated Debentures Due 1996

Pirelli Financial Services Company N.V.
ECU 80,000,000 7½ per cent. Guaranteed Notes Due 1991

Pirelli Financial Services Company N.V.
Italian Lire 100,000,000,000 12 per cent. Guaranteed Notes Due 1992

Postipankki Ltd.
U.S. $75,000,000 10% Variable Redemption Amount Notes Due 30th June, 1989

Postipankki Ltd.
U.S. $30,000,000 7½ per cent. Variable Redemption Notes Due 1990

Postipankki Ltd.
U.S. $75,000,000 11⅛ per cent. Notes Due 1990

Postipankki Ltd.
Yen 20,000,000,000 6½ per cent. Notes Due 1991

Postipankki Ltd.
Yen 20,000,000,000 4½ per cent. Notes Due 1992

Postipankki Ltd.
Danish kroner 270,000,000 11 per cent. Notes Due 1992

Postipankki Ltd.
Danish kroner 300,000,000 10 per cent. Notes Due 1992

Postipankki Ltd.
Yen 10,000,000,000 5¾ per cent. Notes Due 1993

Postipankki Ltd.
U.S. $200,000,000 7¾ per cent. Notes Due 16th September, 1993

Postipankki Ltd.
Yen 10,000,000,000 6⅛ per cent. Notes Due 1996

Postipankki Ltd.
Yen 10,000,000,000 8 per cent. Dual Currency Yen Redemption Notes Due 1996

PRIVATbanken
U.S. $100,000,000 12¾% Notes Due 1995

PRIVATbanken
U.S. $100,000,000 12½% Notes Due 1995

Province de Québec
£30,000,000 14½ per cent. Notes 1989

Province de Québec
U.S. $150,000,000 13 per cent. Bonds Due 1990

Province de Québec
Up to U.S. $75,000,000 14¾ per cent. Bonds 1993

Province de Québec
U.S. $150,000,000 12¼ per cent. Bonds Due 1994

Province de Québec
U.S. $63,000,000 8¼ per cent. Bonds Due 1995

Province de Québec
U.S. $50,000,000 10% Bonds Due 1995

Province de Québec
U.S. $64,100,000 8.05 per cent. Bonds Due January 29, 1995

Prudential Corporation plc
£100,000,000 Floating Rate Notes Due 1995

The Prudential Insurance Company of America
N.Z. $50,000,000 17½% Notes Due March 2, 1990

R.H. Macy Overseas Finance N.V.
U.S. $100,000,000 11¼% Guaranteed Notes Due 1991

Rabobank Nederland
ECU 75,000,000 7⅜ per cent. Bonds 1988 Due 1991

Ratners Group plc
£44,000,000 4 per cent. Convertible Bonds Due 2002

Redland Finance PLC
£60,000,000 Zero Coupon Notes Due 1992

Régie des Télégraphes et des Téléphones
Can. $87,000,000 9¼ per cent. Notes Due 1990

Republic of Austria
U.S. $100,000,000 Pass-Through Securities Limited 11% Notes Due 2000

Republic of Austria
U.S. $100,000,000 11% Notes Due 2000

Republic New York Corporation
U.S. $150,000,000 Putable Capital Notes

Republic of Italy
U.S. $100,000,000 7 per cent. Notes Due 1991

Republic of Italy
U.S. $1,000,000,000 9½ per cent. Notes Due 1995

Republic of Italy
U.S. $150,000,000 9⅝ per cent. Bonds Due 1996

Republic of Venezuela
U.S. $100,000,000 Floating Rate Notes Due 1993

Republic of Venezuela
U.S. $262,720,000 Floating Rates Notes Due 1992 to 1995

Rolls-Royce plc
£150,000,000 9⅝ per cent. Notes Due 1993

Rothschilds Continuation Finance B.V.
U.S. $75,000,000 Subordinated Guaranteed Floating Rate Notes Due 2015

Rowntree Mackintosh plc
£30,000,000 7⅞ per cent. Bonds 1989

S & S Finance International, Inc.
U.S. $200,000,000 10⅜% Guaranteed Secured Notes Due 1996

San Paolo
U.S. $100,000,000 Floating Rate Depositary Receipts Due 1992

Sara Lee Corporation
U.S. $150,000,000 9⅜ per cent. Notes Due 1993

Sears plc
£200,000,000 10¼% Bonds Due 1993

Skandinaviska Enskilda Banken
A$75,000,000 13¾ per cent. Bonds Due 1990

Skandinaviska Enskilda Banken
U.S. $200,000,000 8¼% Bonds Due 1990

Skandinaviska Enskilda Banken
Danish Kroner 300,000,000 10¾ per cent. Capital Notes Due 1993

Skopbank
Yen 10,000,000,000 6 per cent. Notes Due 1993

Skopbank
Yen 6,000,000,000 Inverse Floating Rate Variable Redemption Amount Notes Due 1993

Société Nationale des Chemins de Fer Belges (SNCB)
U.S. $15,500,000 8.6 per cent. Notes Due 1993

Société Nationale des Chemins de Fer Français
U.S. $100,000,000 11½ per cent. Guaranteed Bonds Due 15th March, 1993

Southwest Airlines Eurofinance N.V.
U.S. $35,000,000 6¾% Convertible Subordinated Debentures Due 1998

SSangyong (U.S.A.), Inc.
U.S. $25,000,000 Guaranteed Floating Rate Notes Due 1990

Sumitomo Bank Capital Markets, Inc.
Can. $100,000,000 9¾% Guaranteed Notes Due 1992

Sumitomo Bank Capital Markets, Inc.
U.S. $150,000,000 9⅜ per cent. Guaranteed Notes Due 1993

Sumitomo Corporation of America
U.S. $50,000,000 8% Deferred Coupon Bonds Due 1991

Sumitomo Corporation Overseas Capital Limited
U.S. $30,000,000 3 per cent. Guaranteed Bear Notes Due 1989

Sumitomo Corporation Overseas Capital Limited
U.S. $30,000,000 3 per cent. Guaranteed Bull Notes Due 1989

Sumitomo Finance (Asia) Limited
U.S. $150,000,000 12¾% Guaranteed Notes Due 1991

Sumitomo International Finance Australia Limited
U.S. $100,000,000 9¾% Notes Due 1993

Suntory Limited
U.S. $20,000,000 11¼ per cent. Guaranteed Notes 1992

Svenska Cellulosa Aktiebolaget
U.S. $19,750,000 9 per cent. Convertible Subordinated Bonds 1998

Svenska Handelsbanken
U.S. $100,000,000 8 per cent. Subordinated Notes 1991

Svenska Handelsbanken
Danish Kroner 700,000,000 10½ per cent. Notes 1992

Svenska Handelsbanken
U.S. $120,000,000 10 per cent. Notes Due 1995

Swedish Match Finance International S.A.
Up to £200,000,000 11.61 per cent. Guaranteed Short-Term Notes Due 1990

TRW Inc.
U.S. $100,000,000 9¾% Notes Due 1993

Taiyo Kobe Finance Hongkong Limited
U.S. $100,000,000 11⅞% Guaranteed Notes Due 1990

Taiyo Kobe Finance Hongkong Limited
U.S. $100,000,000 7¾% Guaranteed Notes Due 1994

Taiyo Kobe Finance Hongkong Limited
U.S. $100,000,000 Guaranteed Floating Rate Notes Due 1997

Taiyo Kobe Finance Hongkong Limited
U.S. $100,000,000 Guaranteed Floating Rate Notes Due 2004

Tate & Lyle PLC
U.S. $100,000,000 9⅝ per cent. Notes Due 1992

Texaco Capital N.V.
U.S. $500,000,000 11¾% Convertible Subordinated Debentures Due 1994

Texaco Capital N.V.
U.S. $1,000,000,000 11⅞% Convertible Subordinated Debentures Due 1994

Texas Commerce Bancshares, Inc.
U.S. $150,000,000 Floating Rate Senior Notes Due 1997

Texas Instruments Incorporated
U.S. $300,000,000 2¾% Convertible Subordinated Debentures Due 2002

The Bear Stearns Companies Inc.
U.S. $200,000,000 Floating Rate Notes Due 1994

The Chugoku Electric Power Company, Incorporated
U.S. $50,000,000 10⅞ per cent. Notes 1992

The Commissioners of the State Bank of Victoria
U.S. $125,000,000 Guaranteed Undated Capital Notes

The Commissioners of the State Bank of Victoria
Yen 30,000,000,000 4¾ per cent. Guaranteed Notes Due 1992

The Commissioners of the State Bank of Victoria
Yen 15,000,000,000 7 per cent. Guaranteed Bear Notes Due 1992

The Commissioners of the State Bank of Victoria
Yen 10,000,000,000,000 5 per cent. Guaranteed Notes Due 1992

The Export-Import Bank of Korea
U.S. $50,000,000 Floating Rate Notes Due 1994

The Export-Import Bank of Korea
U.S. $100,000,000 Floating Rate Notes Due August 1990

The Gateway Corporation PLC
£66,000,000 5% Convertible Bonds Due 2002

The Kingdom of Belgium
U.S. $250,000,000 9⅝% Bonds Due 1998

The Kingdom of Belgium
U.S. $400,000,000 8½ per cent. Notes Due 1993

The Kingdom of Denmark
N.Z. $60,000,000 17½ per cent. Notes Due 2nd November 1989

The Kingdom of Denmark
U.S. $100,000,000 11¼% Notes Due May 8, 1989

The Kingdom of Denmark
U.S. $100,000,000 13% Notes Due 1991

The Kingdom of Denmark
U.S. $100,000,000 13¼ per cent. Notes Due 1991

The Kingdom of Denmark
Can. $100,000,000 11⅝% Notes Due 1991

The Kingdom of Denmark
U.S. $150,000,000 Zero Coupon Notes Due 1991

The Kingdom of Denmark
FF 1,000,000,000 8⅜% Notes Due 1991

The Kingdom of Denmark
U.S. $100,000,000 10½ per cent. Notes Due 1992

The Kingdom of Denmark
U.S. $100,000,000 11.5 per cent. Bonds Due 1992

The Kingdom of Denmark
ECU 100,000,000 7¾% Notes Due 1992

The Kingdom of Denmark
U.S. $100,000,000 11⅞% Notes Due April 1990

The Kingdom of Denmark
U.S. $100,000,000 12% Notes Due 1991

The Ministry of Finance of the Kingdom of Thailand
U.S. $85,000,000 Floating Rate Notes Due 2000

The Mortgage Bank and Financial Administration Agency of the Kingdom of Denmark
DKK. 500,000,000 Zero Coupon Guaranteed Notes Due 1992, Series 129

The Mortgage Bank and Financial Administration Agency of the Kingdom of Denmark
U.S. $100,000,000 Guaranteed Floating Rate Notes Due 1992, Series 78A

The Mortgage Bank and Financial Administration Agency of the Kingdom of Denmark
Yen 20,000,000,000 6 per cent. Guaranteed Dual Currency Bonds Due 1996, Series 139

The Nippon Credit Bank (Curaçao) Finance, N.V.
U.S. $100,000,000 13⅜% Guaranteed Notes Due 1989

The Nippon Credit Bank (Curaçao) Finance, N.V.
U.S. $100,000,000 7½ per cent. Guaranteed Notes 1991

The Nippon Credit Bank (Curaçao) Finance, N.V.
U.S. $150,000,000 8½% Guaranteed Notes Due 1991

The Nippon Credit Bank (Curaçao) Finance, N.V.
U.S. $100,000,000 12⅞% Guaranteed Notes Due 1992

The Nippon Credit Bank (Curaçao) Finance, N.V.
U.S. $100,000,000 12⅝% Guaranteed Notes Due 1992

The Nippon Credit Bank (Curaçao) Finance, N.V.
£50,000,000 9⅜ per cent. Guaranteed Notes 1992

The Nippon Credit Bank (Curaçao) Finance, N.V.
U.S. $100,000,000 8 per cent. Guaranteed Notes 1993

The Nippon Credit Bank (Curaçao) Finance, N.V.
U.S. $150,000,000 9¾ per cent. Guaranteed Notes 1993

The Nippon Credit Bank (Curaçao) Finance, N.V.
Can. $75,000,000 9⅝ per cent. Guaranteed Notes Due 1994

The Nippon Credit Bank (Curaçao) Finance, N.V.
U.S. $150,000,000 10⅝% Guaranteed Notes Due 1995

The Nippon Credit Bank (Curaçao) Finance, N.V.
U.S. $150,000,000 10⅜% Guaranteed Notes Due 1995

The Nippon Credit Bank (Curaçao) Finance, N.V.
U.S. $200,000,000 9⅞ per cent. Guaranteed Notes 1993

The Queensland Government Development Authority
U.S. $100,000,000 11⅜% Guaranteed Bonds Due 1989

The Queensland Government Development Authority
ECU 75,000,000 7⅞% Guaranteed Notes Due 1992

The Queensland Government Development Authority
U.S. $100,000,000 8% Guaranteed Bonds Due 1991

The Queensland Government Development Authority
U.S. $100,000,000 7¼% Guaranteed Bonds Due 1992

The Queensland Government Development Authority
U.S. $100,000,000 10¼% Guaranteed Bonds Due 1995

The Republic of Trinidad and Tobago
U.S. $50,000,000 Floating Rate Notes Due 1990

The Royal Bank of Scotland Group plc
£50,000,000 8¾ per cent. Notes Due 1994

Thomson-Brandt International B.V.
U.S. $200,000,000 7¼% Convertible Notes Due 1991

Thomson-Brandt International B.V.
U.S. $200,000,000 Floating Rate Notes Due 1991

Thomson-Brandt International B.V.
Yen 17,000,000,000 5⅜% Guaranteed Bonds Due 29th May, 1993

Thorn EMI plc
£60,000,000 7⅞ per cent. Bonds Due 1992

Tokai Asia Limited
U.S. $100,000,000 11½% Guaranteed Bonds Due 1995

Tokai Bank Nederland N.V.
U.S. $100,000,000 7½% Guaranteed Notes Due 1991

TOPS Series II Limited
U.S. $100,000,000 Series II Amortising Floating Rate Trust Obligation Participation Securities Due 1992

TOPS Series III Limited
U.S. $110,000,000 Series III Floating Rate Trust Obligation Participation Securities Due 1992

TOPS Series IV Limited
U.S. $130,000,000 Series IV Floating Rate Trust Obligation Participation Securities Due 1992

TOPS Series V Limited
U.S. $150,000,000 Series V Floating Rate Trust Obligation Participation Securities Due 1992

TOPS Series VI Limited
N.Z. $350,000,000 10.43 per cent. Trust Obligation Participation Securities Due 1992

TOPS XI Limited
Pesetas 2,450,000,000 10.80% Trust Obligation Participation Security Due 1993

Total Raffinaderij Nederland N.V.
U.S. $100,000,000 12⅜% Serial A Guaranteed Notes Due 1992

Total Raffinaderij Nederland N.V.
U.S. $100,000,000 12⅞% Serial B Guaranteed Notes Due 1992

Toyo Trust Asia Limited
U.S. $100,000,000 7⅜% Guaranteed Notes Due 1992

Toyo Trust Asia Limited
U.S. $100,000,000 8% Guaranteed Notes Due 1993

Trafalgar House Public Limited Company
U.S. $100,000,000 9 per cent. Notes 1991

Trafalgar House Public Limited Company
U.S. $100,000,000 10¾ per cent. Notes Due 1992

Trafalgar House Public Limited Company
£100,000,000 10⅝ per cent. Bonds 2006

Trafalgar House Public Limited Company
£100,000,000 10⅛ per cent. Bonds 2014

Transamerica Financial Corporation N.V.
$150,000,000 Zero Coupon Debentures Due December 22, 1989

Transamerica Financial Corporation N.V.
$150,000,000 Zero Coupon Debentures Due September 3, 1991

Trinova Corporation
U.S. $100,000,000 6% Convertible Subordinated Debentures Due 2002

Türkiye Cumhuriyeti
U.S. $150,000,000 11⅛ per cent. Bonds Due 1998

UB Investments plc
U.S. $75,000,000 6½ per cent. Bonds 1996

Ultima Limited
U.S. $11,000,000 8⅛ per cent. Hybrid Currency Secured Notes Due 1995

Unilever Capital Corporation
A$50,000,000 12¼% Guaranteed Notes Due 1989

Unilever Capital Corporation
U.S. $150,000,000 9⅝% Guaranteed Notes Due 1992

Unilever Capital Corporation
U.S. $150,000,000 8⅞% Guaranteed Bonds Due 1998

Unilever Capital Corporation
N.Z. $65,000,000 18¼% Guaranteed Notes Due 7th July, 1989

Union Bank of Finland Ltd
U.S. $125,000,000 10⅛ per cent. Bonds Due 1996

Union Camp Overseas Finance N.V.
U.S. $70,000,000 11⅜% Guaranteed Notes Due November 1, 1989

Verein West Overseas Finance (Jersey) Limited
A$50,000,000 14⅛% Notes Due 1991

Victorian Public Authorities Finance Agency
U.S. $100,000,000 8⅜% Guaranteed Notes Due 1996

WMC Finance Limited
U.S. $75,000,000 10¾ per cent. Guaranteed Notes Due 1992

Xerox Credit Corporation
U.S. $100,000,000 7½% Notes Due 1990

Xerox Corporation
U.S. $100,000,000 8⅜% Notes Due 1996

Xyvision, Inc.
U.S. $25,000,000 6% Convertible Subordinated Debentures Due 2002

YFC International Finance N.V.
U.S. $15,000,000 7½% Convertible Subordinated Bonds Due 1998

Yokohama Asia Limited
U.S. $100,000,000 7⅝ per cent. Guaranteed Notes Due 1991

Yukong Limited
U.S. $20,000,000 3 per cent. Convertible Bonds Due 2001

Yves Saint Laurent S.A.
FF 495,000,000 5% Equity Notes Due 2003

Zentralsparkasse und Kommerzialbank-Wien
U.S. $50,000,000 11⅜% Subordinated Bonds Due 1990

Bankers Trust Company, London

17th March, 1989

Agent Bank

LONDON STOCK EXCHANGE

Earnings data unsettles share prices

Account Dealing Dates		
*First Dealings:		
Feb 27	Mar 13	Apr 3
Option Declarations:		
Mar 9	Mar 30	Apr 13
Last Dealings:		
Mar 10	Mar 31	Apr 14
Account Day:		
Mar 20	Apr 10	Apr 24

*New time dealings may take place from 9.00 am two business days earlier.

OFFICIAL DATA on trends in wages and industrial production in the UK yesterday unsettled a stock market still assessing the implications of this week's Budget Speech by Mr Nigel Lawson, the UK Chancellor of the Exchequer. In view of its worries over inflation, the stock market was depressed by the disclosure that average earnings grew in January by an underlying 9 per cent, at the high end of forecasts in the City of London.

The market was also prey to renewed hints that several major companies plan large rights issues which, now that the companies need no longer conform to a Bank of England timetable, could be brought out at a moment's notice. The general air of unease was not dispelled by persistent hints that a substantial takeover move is in the air, possibly in the building and construction sector.

Share prices opened higher, with some market strategists suggesting that equities were due for a rally as the Budget was absorbed. However, prices turned down when the batch of economic data reached the trading screens, and they could manage only a modest rally towards the close when Wall Street opened higher.

At the close, the FT-SE Index was 8.6 down at 2112.6. Equity analysts remain nervous, many believing that FT-SE 2,100 could well be tested again shortly, especially if the market is hit by rights issues. Mr Robin Aspinall, chart analyst at Schroder Securities, believes FT-SE 1965 "is not quite dead as a target" in the near term.

Turnover, at 543.2m Seaq-traded shares, against 619.5m on Wednesday, again included substantial inter-market business and probably overstated the level of genuine investment business.

The market was featured by strong rises, and heavy turnover, in the energy sector reflecting renewed optimism over crude prices and also speculative interest.

"It really is a very nervy market", commented a trader at a leading US securities house. "Perhaps when the fund managers return from watching the Cheltenham horseracing festival, we will see some activity."

Marketmakers appear to have plenty of stock on their books, even if it is often in the shape of traded options. However, there is a general unwillingness to sell, especially those shares seen as possible takeover targets.

With the Budget out of the way, a return to corporate activity, both bids and deals and fund-raising, is likely in the equity market. The Channel Tunnel and the associated rail link proposals have focussed attention on prospects for reshaping Britain's infrastructure, hence the hints of impending activity in construction shares. Food industry stocks too are still seen as potential targets for overseas predators.

FINANCIAL TIMES STOCK INDICES

	Mar 16	Mar 15	Mar 14	Mar 13	Mar 10	Year Ago	1988/89 High	1988/89 Low	Since Compilation High	Since Compilation Low
Government Secs	88.81	88.78	88.65	88.58	88.76	90.51	91.43 (18/4/88)	86.18 (14/12/88)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	99.44	99.58	99.29	99.30	99.35	97.68	99.59 (15/3/89)	94.14 (8/1/88)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1740.1	1754.3	1761.1	1739.4	1724.9	1459.1	1761.1 (14/3/89)	1349.0 (8/2/88)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	194.2	194.8	192.2	192.1	187.8	244.2	312.5 (7/1/88)	154.7 (17/2/89)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Dl. Yield	4.39	4.36	4.33	4.37	4.39	4.44				
Earning Yld %(full)	10.68	10.60	10.53	10.62	10.70	11.31				
P/E Ratio(Net)(☆)	11.31	11.40	11.46	11.37	11.28	10.78				
SEAQ Bargains(5pm)	30,634	31,355	32,994	32,083	36,147	31,986				
Equity Turnover(£m)†	-	1251.02	1230.32	1081.80	1422.49	1127.39				
Equity Bargains†	-	35,959	39,663	35,930	40,656	35,514				
Shares Traded (ml)†	-	511.2	564.9	546.3	607.4	472.0				

Ordinary Share Index, Hourly changes

Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1752.0	1754.6	1751.8	1744.4	1744.8	1745.1	1743.7	1740.6

DAY'S HIGH 1759.0 DAY'S LOW 1738.5

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, ☆Nil 11.24 †Excluding intra-market business.

S.E. ACTIVITY

Indices	Mar 15	Mar 14
Gilt Edged Bargains	117.3	91.9
Equity Bargains	232.9	256.3
Equity Value	2528.6	2486.8
5-Day average		
Gilt Edged Bargains	103.6	101.3
Equity Bargains	245.0	246.7
Equity Value	2479.8	2481.8

● London Report and latest Share Index: Tel. 0898 123001

UK wins Glaxo tussle

A tussle between securities houses on both sides of the Atlantic over Glaxo shares appeared to be resolved in favour of the British yesterday. The shares turned sharply higher on the decision by the Food and Drug Administration (FDA) not to recommend across-the-board approval for Losec, Merck's potential rival to Glaxo's moneyspinning drug, Zantac.

US securities houses were heavy sellers of Glaxo earlier this week, on the expectation that the FDA would recommend approval of US sales of Losec, which is manufactured by AB Astra of Sweden, and licensed to Merck. The UK houses, by contrast, were aggressive buyers and reaped their reward yesterday when Glaxo shares more than made up Wednesday's fall, closing 23 ahead at 1324p.

"US analysts tend to be somewhat over-informed on Merck and less aware of Glaxo," commented Dr Arnab Banerji of Nomura Securities.

"It's all Glaxo could have hoped for and perhaps a little bit more," said Mr Paul Woodhouse, analyst at Citicorp Scrimgeour Vickers. "The field is clear for Zantac for the rest of the year." The FDA makes its final approval in six to nine months' time.

Dr Ian Smith, analyst at Shearson Lehman, was more cautious. He commented that the FDA vote was evenly split over whether to recommend approval in an application. The FDA must make a casting vote, probably in three to six months. "It could go either way," said Mr Smith.

Plessey queries

The electronics sector was unsettled by reports that the Ministry of Defence (MoD) opposes the revised terms of the GEC/Siemens move to take over Plessey.

The latter, especially, came under persistent pressure, retreating 9 to 258p on turnover of 1.9m. GEC, where turnover was 8.5m, lost 6 to 243p with dealers commenting that the impact of the reports fell more markedly on GEC.

The MoD was said to regard the joint move against Plessey as posing a threat to competition in Britain's defence industries, and that it would be acceptable only if GEC and Siemens agreed to sell some of Plessey's defence divisions.

One analyst took the view that GEC/Siemens would accommodate the MoD's required alterations if the Monopolies Commission eventually clears the bid. "The compulsory disposal of any one element of Plessey's defence business is unlikely to block the merger," he said. News on this front is expected within a month.

Trafalgar stories

Trafalgar House lost further ground yesterday, dipping to 375p before eventually settling a net 11 off at 377p. Turnover was 4.4m. Dealers attributed the latest weakness to three stories in the market.

First, there was talk that the group was about to launch the long-mooted offer for Costain, the construction group in which it already has a stake of 8.4 per cent. This story triggered a 5-rise to 350p in Costain.

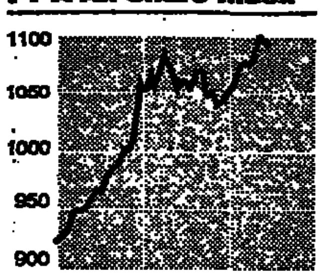
Second, it was suggested that James Capel, the leading agency broker, had turned bearish and issued a "sell" note on Trafalgar. Capel would only offer a "no comment" on the story. And, finally, some dealers said the stock had moved up strongly in recent weeks and yesterday's fall represented nothing more sinister than profit-taking.

Jaguar were influenced by annual profits slightly better than some of the more pessimistic forecasts and by the offers of support from two international automotive groups should the UK car manufacturer attract predatory attention. The shares moved within a range of 330p to 322½p before closing 3 off on balance at 326p.

Currency movements, as expected, were the prime reason for the drop in profits – £47.5m against last year's £97m – but volume sales in the US were also below set objectives. However, analysts believed current trading was looking slightly more promising and mentioned that the Budget increase in tax on company car benefits would not do the group any harm.

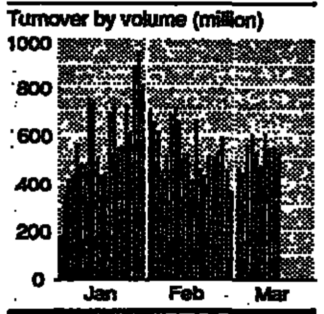
Two schools of thought are emerging, said one leading researcher. "Either you believe the name of Jaguar is worth more than the current market valuation and that the group will retain its independence, or you see it becoming increasingly vulnerable to a takeover in the run to December 1990 when the Golden share expires.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)



Activity in the energy sector continue to accelerate despite a slightly easier trend in crude oil prices. Brent crude for April delivery moved up to $18.60 a barrel at one point before slipping back to around the $18.40 mark for a net loss of 5 cents.

There was no shortage of interest in the share market. Institutional buying orders flowed into the sector where analysts have recently been upgrading their forecasts for oil prices.

"It was a very exciting day in oils," said Mr Philip Lambert of Kleinwort Benson's oil team. "We are extremely bullish of the oil sector as a whole. Demand for crude is extremely strong."

The biggest action was in the two classes of BP where combined turnover totalled 31m – made up of 17m of the "old" and 14m of the "new". BP is widely recognised as having the highest gearing to crude prices among majors. Shell, also in receipt of a number of buy recommendations from analysts, put on 6 to 396½p on turnover of 10m.

British Gas edged up 3½ to 178½p as 22m moved through the system; the group announced it is raising domestic gas prices by 3.3 per cent from the beginning of next week. A new tariff of prices for industrial consumers is expected next week.

The recent stock shortage in Enterprise – where the market awaits news of Elf Aquitaine taking up its rights – became even more acute and the shares jumped 10 more to 599p, after 604p.

Further consideration of management buyout moves at subsidiary Allders underpinned Hanson which added a penny to 188p as 6.9m shares changed hands.

A report that the EC would intervene on the issue of the legality of the tied-house agreement came too late to affect sentiment in the brewery sector. Stale bull liquidation was held responsible for losses in the majors, although volumes were described as "pathetic." Guinness were especially vulnerable and lost 11 to 430p while Allied-Lyons fell 6 to 490p and Whitbread "A" 8 to 359p.

Woolworth were the highlight of the stores sector with a rise of 6 to 281p in turnover of 2.2m. The company formally approved its name change to Kingfisher at yesterday's egm – the annual figures are due on March 22 and pre-tax profits of about £170m are expected.

Storehouse has sold its 20 per cent stake in Fnac, the French electrical retail chain, to GMF for about £20m. The news sparked buying interest and the shares rose 2 to 175p in volume of 5.3m. Ward White continued its recent good run with a rise of 7 to 279p.

Elsewhere there was some steady trade; Burton hovered around the 220p mark before closing only a penny better at 218p with some 4.1m shares changing hands. Bid speculation continued to fuel interest in Dixons, down 3½ to 166½p, while Next attracted good turnover of 5.2m shares and ended a penny easier at 155p.

Upset by worries over a possible block to any renewed offer for Plessey, the rest of the electronics suffered minor reversals. Racal Electronics and Racal Telecom both came under pressure with the latter finally 1½ off at 324½p and the former 2½ easier at 384p. Turnovers were 4.6m and 1m respectively.

The declines came in spite of the recent presentations to the Society of Investment Analysts in New York and Boston over the past two days and a recent Vodafone dealers conference at which Racal announced it was reducing connection bonuses to dealers. The latter move is seen as bullish for Telecom profits. Cellnet, in which British Telecom has a 60 per cent stake, is expected to respond with its own revised discount structure next week.

Ferranti fell again, ending 3 down at 105p on turnover of 3.8m. BZW cut its forecast of pre-tax profits for 1989 from £95m to £86m.

Simon Engineering posted final results near the top end of expectation at £592.2m, against £541.3m. The stock rose 8 to 367p in moderate two-way trading.

United Biscuits fell 6 to 331p after disclosing pre-tax profits of £170.2m (£147m) in line with expectations. The fall was attributed to profit-taking after the recent good run-up fuelled by bid speculation. Carl Short at Kitcat & Aitken yesterday trimmed forecasts for the current year by £1m to £194m but insisted the company was a good long-term buy.

Hazlewood closed 4 off at 253p, after a day's high of 258p, following the news that it is paying about £22.6m for three Dutch food companies. Hillsdown rose 4 to 283p as securities houses disagreed over the company's prospects. Kitcat & Aitken said the stock was likely to continue its underperformance of the market in the short term and suggested that the outlook was mixed while County NatWest WoodMac thought that Hillsdown's future looked excellent and offered a buy recommendation. RHM dropped 4 to 389p in spite of BZW comment which advised a switch from Associated British Foods.

BAA gained ground all day on several considerations. Stock was short and there was renewed discussion over to what extent BAA should be valued as a property company. "In the property sector, the share price would be between 450p and 600p," said one marketmaker. There was foreign interest, including from Japan where BAA is said to be advising on airport management, and talk of a broker recommending a switch out of British Airways into BAA. British Airways fell 6 to 202p while BAA jumped 12 to 348p as 5.9m shares changed hands.

Several smaller stocks benefited from good trading statements. ASD jumped 25 to 588p on doubled profits, Carbo rose 7 to 168p, Arley Holdings added 2 to 128p, Laidlaw Thomson improved 7 to 132p and Oakwood closed 8 ahead at 498p. Quotient, the financial software house subject to recent takeover approaches, jumped 17 to 122p.

Acquisition news lifted Aspen Communications 10 to 588p and raised Crown Communications 5 to 272p, while DRG rebounded 7 to 485p after favourable comment on the results. Builder Group advanced 11 to 188p, Conrad jumped 9 to 126p and USM-listed Accord Publications went higher still, gaining 9 to 112p.

Land Securities fell 5 to 582p and MEPC dropped 2 to 583p in a dull session for properties. Arlington, up 17 at 212p, saw renewed buying interest as investors continued to digest last week's good figures.

Rosehaugh suffered at the hands of profit takers with a fall of 16 to 668p

Dawson International continued to weaken following a profits downgrading by BZW and ended 8 down at 214p. Sirdar drifted down to 109p after news of marginally lower interim earnings but Palma rose 4 to 139p on a buy recommendation. Mr Lawrence Rubin of Kitcat & Aitken says there is ample scope for earnings to rise given the recovery and expansion potential at Clothkits, the current order book at Montfort and the growing importance of the Pex socks and tights business.

The capital shares and warrants of several investment trusts registered sharp rises. A seasoned marketmaker said: "most are unrecognised as being considerably cheaper than the underlying securities and offer tremendous value." In the financial trusts section, Close Bros responded to sharply increased first-half profits with a rise of 8 to 223p.

■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 29

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ASDA Group	1,200	148½	-3½	Commercial Union	996	376	-5	Land Securities	1,000	582	-5	Rothmans	21	515	-3
Allied-Lyons	2,300	490	-6	Cons. Gold Fields	338	1430	+8	Laporte	129	434½	-2½	Royal Bk of Scotland	316	309	
Amstrad	253	133	-3	Cookson	265	321	-4	Legal & General	2,600	350	+1	Royal Insurance	405	423	-4½
Argyll Group	2,300	178	-4	Courtaulds	944	381	-2	Lloyds Bank	1,000	370	-2	STC	2,600	325	-8
Ass. Brit. Foods	269	337		Dalgety	906	356	-4	LASMO	2,700	462	+10	Saatchi & Saatchi	725	395	+2
BAA	5,700	347½	+11½	Dixons	2,300	166½	-3½	Lonrho	1,400	334	+3	Sainsbury	1,100	227½	-1½
BAT	2,800	574	-10	Eng. China Clays	492	537	+1	Lucas	516	652	-4	Scott & Newcastle	666	432	-3½
BET	694	273½	-1½	Enterprise Oil	1,400	599	+10	MB Group	8,400	275	-3	Sears	955	122	-3
BICC	1,000	496	-5	FKI Babcock	1,300	172	-2	MEPC	624	583	-2	Shell Transport	10,000	396½	+6
BOC	721	506	-2	Fisons	1,300	280½	-3	Marks & Spencer	2,300	172	-3	Siebe	92	490	-2
BPB Inds.	846	262	+1	Gateway Corp.	1,900	168½	-2	Maxwell Comm.	289	222		Slough Ests	642	347	-2
BTR	2,900	379	-1	General Accident	337	995	+2	Midland Bank	1,200	451	-1	Smith & Nephew	5,000	139½	-1
Barclays	509	440	-2	General Elect.	7,500	243	-6	Nat. West. Bank	267	540	-2	Standard Chartd.	511	565	+2
Bass	878	960	-8	Glaxo	2,100	1324	+23	Next	5,300	155	-1	Storehouse	5,300	175	+2
Beazer	2,300	221	-1½	Globe Inv	536	171	-1½	Northern Foods	472	304		Sun Alliance	232	1115	-6
Berisford	1,100	382	-2	Glynwed Int.	347	329	+1	Pearson	124	697	-5	T&N	2,100	217	+2
Blue Arrow	2,200	93½		Granada	1,100	386	+2	Pearl	184	445	-5	TSB	2,000	129	-1
Blue Circle	544	539	-1	Grand Met.	2,400	557	-4	P & O	302	705	-10	Tarmac	1,100	311	+1
Boots	832	273	-3	GUS A	347	1034	-4	Pilkington	3,200	267	-3	Tate & Lyle	638	349	-4
British Airways	6,200	202	-6	GRE	159	215	-2	Plessey	1,900	258	-9	Tesco	962	157	-1
Brit. Aerospace	7,400	559	+1	GKN	824	382	-5	Polly Peck Intl.	365	329		THORN EMI	1,000	725	-7
Brit & Comm.	638	223		Guinness	1,000	430	-11	Prudential	2,400	183	-2	Trafalgar House	4,400	377	-11
British Gas	22,000	178½	+3½	Hammerson 'A'	19	796	-3	Racal	4,600	384	-2½	Trusthouse Forte	673	295½	-4½
British Land	1,800	358	-4	Hanson	6,900	187½	+½	Rank Org.	318	919	+1	Ultramar	2,900	295	+2
BP	17,000	293	+6	Harrisons & Cros.	251	724	-2	RMC	56	665	-1	Unilever	523	549	-5
British Steel	10,000	85½	-1	Hawker Siddeley	440	700	-5	RHM	1,700	389	-4	United Biscuits	4,400	331	-6
British Telecom	3,600	284	-6	Hillsdown Hldgs	4,600	283	+4	Reckitt & Colman	230	1131	-10	Utd Newspapers	387	404	-4
Burmah Oil	1,400	572½	+4½	IMI	959	236	-5	Redland	58	531	-4	Wellcome	347	463	-4
Burton	4,100	218	+1	Imp. Chem.	1,900	1180	+1	Reed International	903	430	-4	Whitbread 'A'	932	359	-8
Cable & Wireless	3,500	470	-1	Inchcape	714	263	-1	Reuters "B"	168	604	-1	Williams Hldgs.	1,100	308	+2
Cadbury Schweppes	453	353½	-3½	Jaguar	2,400	326	-3	RTZ	1,200	529	-9	Wimpey	2,000	307	+4
Coats Viyella	1,600	162	-2	Ladbroke	1,000	557	-4	Rolls Royce	4,700	177	-2	Woolworth Hldgs.	2,300	281	+6

NEW HIGHS AND LOWS FOR 1988/89

NEW HIGHS (136).

AMERICANS (3) CANADIANS (1) BANKS (5) Allied Irish, Bank Ireland, Cattle's (Hldgs.), Goode Durrant, HK & Shang., TSB Channel Islands, BREWERS (3) Clark (M.), Marston Thompson, Morland, BUILDINGS (16) CHEMICALS (8) Caird Grp., Canning (W.), Foseco, Hickson Int'l., Laporte Inds., MTM, STORES (2) Chelsea Man, Wyevale Garden Centres, ELECTRICALS (11) ENGINEERING (15) Brasway, Castings, Cook (Wm.), Concentric, Eadie, Edbro, Elliott (B.), Morris Ashby, Ransomes Sims, Simon Eng., Spirax-Sarco, Tyzack, Victaulic, Wagon Ind'l., Weir Grp., FOODS (8) Appleby Westward Grp., Brake Bros., Clifford "A" NV, Greggs, Utd. Biscuits, HOTELS (2) Harmony Leis., Resort Hotels, INDUSTRIALS (23) AGA AB, ASD, Apollo Metals, BAA, BBA, BTR, Bardsey, Beaverco, Boot (H.), Carbo, Cooper (A.), Cosalt, Dauphin, Epicure Hldgs., Glaxo, Helma, Hanson, Hepworth, IBA Int'l., IWP Int'l., Jardine Strategic, Lawtex, Marling Ind., Melville Grp., Metsec, NMC Grp., Pilkington Wrrnts., Rauma-Repola, Securiguard Grp., INSURANCE (4) Britannic, Legal & General, Prudential, Sattire Ins. Inv., LEISURE (5) Castle Comms., Chrysalis, Cityvision, Saga Grp., TV-am, MOTORS (1) Volvo, NEWSPAPERS (2) Builder Grp., Johnston Press, PAPERS (11) PROPERTY (7) SHIPPING (1) Runciman (W.), SHOES (1) Strong & Fisher, SOUTH AFRICANS (1) Barlow Rand, TEXTILES (2) Brit. Mohair, Palma Grp., TRUSTS (48) OILS (8) B.P. (P/P), Chevron, Premier Cons., Royal Dutch, Shell trans., Total-Cie, MINES (4) ACM Gold, Anglo Amer., De Beers Dfd., Impala Plat., THIRD MARKET (1) Tatara.

NEW LOWS (7).

STORES (1) Sock Shop Int'l., INDUSTRIALS (2) Sarto Grp., Ebiel, INSURANCE (2) Berry, Birch, PWS Hldgs., TEXTILES (1) Mackay Hugh, MINES (1) Paringa Mng/Exp.

APPOINTMENTS

Mansfield Brewery chairman

■ Mr Geoffrey Kent becomes chairman of MANSFIELD BREWERY on April 1, following the retirement of Mr Robin Chadburn, who is made president for life. Mr Jock Nangle resigns from the board on March 31, but continues as chairman of the trusts representing the major shareholding.

■ BRITISH RAIL has appointed Mr Theo Steel as communications director, Channel Tunnel, a new post. He was corporate affairs manager for BR western region. Mr Mike Rayner has been appointed quality manager for BR's provincial sector. He was provincial resources manager, Scotland.

■ BRITISH AIRWAYS has appointed Mr Charles Price, former US Ambassador to the UK, as a non-executive director from April 7. Since his departure from the Court of St. James Mr Price has accepted nominations to several boards including Hanson, The New York Times Company, and Texaco Inc. Mrs Price recently became a director of the Savoy Hotel.

■ Mr Denis Jaffray has been appointed managing director of MONDIAL ASSISTANCE (UK). He was deputy managing director.

Mr Michael Payne (above) has been appointed director of operations on the board of FIRST LEISURE CORPORATION. He was divisional managing director for the sports and dancing divisions.

■ Mr Brian Keelan has joined SWISS BANK CORPORATION, London, as a director, investment banking. He was managing director of Merrill Lynch Capital Markets, New York

■ Mr Wynford Evans has been appointed chairman and Mr David Jones managing director of SOUTH WALES ELECTRICTY when privatised. They are chairman and deputy chairman of the present board.

■ KEMPER FINANCIAL SERVICES INC, Chicago, has appointed Mr Gordon Johns as managing director of its new London operation, Kemper Investment Management Company. He was a director of Lazard Brothers & Co and of Lazard Investors.

■ WESTBURY has appointed Mr Richard Dixon as company secretary, succeeding Mr Barrie Hall, finance director. Mr Dixon was company secretary of Westbury subsidiaries, and group accountant.

■ J.O. HAMBRO & PARTNERS has appointed Mr Robin Mackie as a director. He joins from Advent.

■ BOWTHORPE HOLDINGS has appointed Mr Richard Phipps as general manager - thermal engineering products, covering Thermalloy, Redpoint, and Elbomec. He was director of manufacturing, automation systems business, with Honeywell Control Systems.

■ Mr Charles Barrington has joined the board of BROWN, SHIPLEY & CO as managing director banking. He joins from Bankers Trust Co.

■ Mr Stephen Morley has joined FOLKES GROUP, Stourbridge, joining the board of Folkes Properties. He was managing director of LCP Properties, and on the main board of LCP Holdings.

■ BIS BANKING SYSTEMS has appointed Mr Alan Rick as director, customer services, a new post. He was managing director of Alimand Computer Systems.

Mr John Woodhouse (above), managing director of HAYMILLS (CONTRACTORS), has additionally been appointed chairman. He succeeds Mr Ken Lewis who has retired but remains a director of the parent company, Haymills Holdings, as well as chairman of R.S. Kennedy. Mr Robert Butler, senior contracts manager, has been appointed technical director of Haymills (Contractors); and Mr David Wright becomes a director of Haymills Developments. Mr Denys Thornton, a director of Haymills (Contractors), becomes chairman of Alan Milne Plastering in succession to Mr Lewis.

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1200)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	47.70	47.70xd	50.70	+0.28	5.40
Gilts & Fixed Int	6	112.60	112.60xd	119.50	-0.3	8.37
High Inc Equity	6	132.90	136.20	144.80	+0.4	4.11
Worldwide Bond	6	186.40	186.40xd	197.60	+0.3	4.91
Capital Growth						
American Growth	6	162.10	164.10	174.50	+1.10	1.26
Asian Pacific	6	85.93	87.75	93.35	+1.47	1.16
Assets & Earnings	6	160.90	164.10	175.30	+0.3	2.26
Capital Reserve Acc	0	83.77	83.77	83.78	-0.01	4.77
Commodity & Energy	6	97.75	97.75xd	104.60	+1.20	0.00
1992 Enterprise	6	55.35	56.37	59.96	+0.28	3.00
European Capital	6	78.09	78.09	83.52	+0.66	0.90
General	6	175.40	175.40xd	187.60	+1.70	2.40
Japan	6	104.00	105.80	112.50	+0.4	0.00
Mastertrust	6	80.87	80.87	86.50	+0.51	1.70
UK Growth Acc	6	201.90	210.00	223.40	+0.7	1.53
UK Growth Dist	6	135.50	141.00	149.90	+0.40	2.27
US Emerging Cos	6	47.59	49.22	52.36	+1.20	0.00
Income & Growth	6	293.60	300.10	319.20	+1.2	2.98
Ethical	6	48.91	50.04	53.23	+0.28	2.35

Abtrust Management Ltd (1000)H
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American	5¼	43.29	43.29	46.21	-0.05	1.69
Australian	5¼	22.34	22.34	23.85	-0.39	1.18
European	5¼	53.75	53.75	57.38	+0.74	0.00
Extra Income	5	43.27	43.27xd	45.93	+0.11	4.82
Fund Inv Tst	5	120.3	120.3	128.4	+0.1	1.99
Do Accum	5	183.4	183.4	195.8	+0.1	1.99
Gilt & Fixed Int	5¼	21.91	21.91	23.39	+0.02	10.03
Global Income	5¼	39.66	39.66	42.33	+0.17	4.33
Income & Growth	5¼	73.39	73.39	78.34	+0.01	5.65
Japan	5¼	175.9	175.9	187.8	+2.30	0.01
Nth Amer Inc	5	27.01	27.01	28.67	+0.21	4.34
Special Situations	5¼	72.26	72.26	77.14	+0.10	0.89
UK Growth	5	37.37	37.37	39.67	-0.05	2.47
World Gwth	5	46.17	46.17	49.01	+0.18	0.46
Formerly Scotbits Fund Management Ltd						
American Majors	5¼	61.05	61.05	65.17	-0.21	3.20
Amer Tech & Gen	5¼	104.2	104.2	111.2	+0.60	0.00

Buckmaster Mangmt Co Ltd—Contd.

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
General Inc	5	307.00	314.4	333.6	-0.9	2.27
(Accum Units)	5	510.6	522.9	554.8	-1.5	2.27
Income	5	157.9	163.3	173.3	-0.1	5.67
(Accum Units)	5	301.9	312.1	331.1	-0.2	5.67
International	5	115.8	115.8	122.5	+0.1	3.08
(Accum Units)	5	157.9	157.9	167.0	+0.1	3.08
Smaller Co's	5	112.5	115.2	122.2	+0.3	0.99
(Accum Units)	5	122.9	126.0	133.7	+0.3	0.99
Inv Portfolio	2½	54.04	55.95	57.66	-0.06	3.52
(Accum Units)	2½	55.02	56.95	58.71	-0.06	3.52
High Income Port	3	48.95	49.20	50.98	+0.14	6.20

Burrage Unit Tst Mangmt Ltd (0905)F
117 Fenchurch St, London EC3M 5AL 01-480 7216

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Str Dtd Gilt & FI	1½	52.24	52.24xd	52.98	+0.01	1.37

CCL Unit Trusts Ltd (1400)F
74 Shepherds Bush Green, W12 8SD 01-740 7070

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK General Tst	5½	54.7	55.6	59.47	+0.13	2.70
Global Tst	5½	40.52	40.67	43.5	+0.02	2.30
Recovery Tst	5½	56.23	58.46xd	62.19	+0.89	2.41

CIBC Unit Tst Managers plc (1200)H
Cottons Ctr, Cottons Lane, Ldn. SE1 2QL 01 234 6000

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Growth Fd Acc	5	107.4	108.8	114.8	+0.4	3.44

CS Fund Managers Limited (1000)H
125 High Holborn, London WC1V 6PY 01-242 1148

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
CS America	5	53.33	53.33xd	56.73	-0.13	0.44
CS International	5	53.58	53.58	57.00	+0.35	1.78
CS Japan	5	120.2	120.2	127.8	+1.3	0.39
CS Portfolio Inv	5	70.80	70.80xd	75.31	+0.23	1.91

Canada Life Unit Tst Mgrs Ltd (1200)F
2-6 High St, Potters Bar, Herts 0707 51122

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Can Gen Dist	5	139.1	144.1	151.9	+0.58	3.05
Do Gen Accum	5	231.9	240.8	253.5	+0.90	3.05
Do Income Dist	5	96.21	100.0	105.3	+0.30	5.35
Do Inc Accum	5	216.1	224.8	236.6	+0.60	5.35
Gilt & Fxd Int	5	36.85	36.98xd	38.93	-0.12	8.25

Cannon Fund Managers Ltd (0700)H
1 Olympic Way, Wembley, HA9 0NB
01-902 8876. Dealing: 0800 282621

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Growth	5½	37.99	38.32	40.99	+0.29	2.50
Income	5½	47.72	48.30	51.66	+0.48	4.03
Far East	5½	34.20	34.84	37.06	+0.42	0.17
North American	5½	29.73	30.16	32.08	+0.39	0.65
Global	5½	49.44	49.27xd	52.42	+0.36	0.65
European	5½	46.31	47.07xd	50.07	+0.11	1.07
Japan	5½	97.36	98.55	105.4	+1.10	0.01
Intl Currency Bd	5½	43.28	43.28	45.90	-0.02	6.00

Provident Mutual Unit Tst Mgrs Ltd (0905)H
25-31 Moorgate, London, EC2R 6BA. 01-588 3968

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
PM Equity Gth	5	120.6	122.9xd	130.7	-0.2	2.73
PM Income & Gth	5	106.6	108.2xd	115.1	-0.3	4.55
PM Nth Amer Gth	5	48.10	48.10	51.17	+0.49	1.47
PM European Gth	5	47.41	47.41	50.43	+0.18	0.88
PM Japan Gth	5	76.42	76.55	81.41	+0.47	0.50
PM Overseas Gth	5	49.11	49.11	52.24	+0.23	0.50

Prudential Holborn Unit Tsts Ltd (1445)H
51-59 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377
Holborn UnitLine 0800 010345
Two Hourly Pricing

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Holborn Comm	6	69.86	69.86xd	74.72	+0.63	0.33
Holborn Equity Inc	6	69.57	69.57xd	74.41	-0.27	4.57
Holborn Equity	5	564.27	572.22	608.52	+1.18	2.34
Holborn European	6	111.72	113.05	120.91	+0.11	0.40
Holborn High Inc	6	86.81	86.81xd	92.84	+0.80	5.70
Holborn Intl Grth	6	110.61	110.61	118.30	+0.27	1.07
Holborn Intl Sm Co	6	48.06	48.06	51.40	+0.18	0.05

Smith & Williamson Unit Tst Mgrs (1000)F
1 Riding House St, London W1A 3AS. 01-637 5377

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
S & W American	5	142.3	144.1	152.4	-1.2	1.85
S & W Far Eastern	5	95.37	95.37	100.1	+0.0	1.00
S & W Growth	5	92.72	94.21	99.69	+0.05	1.72
S & W Income	5	98.50	100.6xd	106.4	+0.2	4.07
S & W Smllr Secs	5	256.0	264.6	279.9	+0.6	1.02

Sovereign Unit Tst Mngrs Ltd (1000)F
12 Christchurch Rd, Bournemouth 0202 298422

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set, unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ▼ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ▲ - 1401 to 1700 hours; ● - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out, yesterday.

Other explanatory notes contained in last column of the FT Unit Trust Information pages.

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OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

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MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

BERMUDA AUTHORISED

GUERNSEY (**)

JERSEY (SIB RECOGNISED)

JERSEY (**)

هكذا اصل الأصل

FT UNIT TRUST INFORMATION SERVICE

[illegible]

ISLE OF MAN (**)

[illegible]

LUXEMBOURG (**)

[illegible]

OFFSHORE INSURANCES

[illegible]

OTHER OFFSHORE FUNDS

[illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

1988/89 High	Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
101⅜	98¾	Treas 9½pc Cnv 1989	99¾xd	.....	9.52	12.12
98⅞	95¾	Treas 3pc 1989	98⅞	.....	3.04	10.25
102⅜	98⅞	Treas 10½pc 1989	99⅞	.....	10.56	12.47
102	98⅝	Exch 10pc 1989	99⅛	–⅛	10.09	12.40
103⅞	98⅞	Exch 11pc 1989	99⅜	–⅛	11.08	12.33
97⅞	94½	Treas 5pc 1986–89	97¼xd	.....	5.15	10.23
104⅞	98⅝	Exch 10¼pc Cv '89	99⅛	.....	10.31	11.05
107½	100¾	Treas 13pc 1990‡‡	100⅞	–⅛	12.89	11.81
104½	99	Exch 11pc 1990‡‡	99⅛	–⅛	11.08	11.79
107⅛	100¾	Exch. 12¼pc 1990	100⅞xd	–⅛	12.42	11.76
93¾	90⅝	Treas. 3pc 1990	93⅛	.....	3.22	9.50
99¾	95⅛	Treas 8¼pc 1987–90‡‡	96⅝	–⅛	8.54	11.27
102¾	95¾	Treas. 8pc Cv 1990 ‡‡	97⅞	–⅛	8.17	9.75
103⅞	97¼	Treas. 10pc Cv 1990	97¾	–⅛	10.22	11.51
91⅞	87⅞	Exch 2½pc 1990	89¾	–⅛	2.78	9.07
107¼	100⅞	Treas 11¾pc 1991	100⅞	–⅛	11.68	11.38
95⅞	89⅞	Funding 5¾pc '87–91‡‡	91⅞xd	.....	6.28	10.39
90⅞	86	Treas. 3pc 1991	88⅛	.....	3.41	9.23
105⅞	97⅞	Treas 10pc Cv '91 ‡‡	98⅞	–⅛	10.11	10.55
107⅞	98⅞	Exch. 11pc 1991	99⅞	–⅛	11.02	11.06
98⅞	91⅞	Treas. 8pc 1991	93⅞	–⅛	8.60	10.99
113⅞	103⅞	Treas 12¾pc 1992‡‡	104⅞	–⅛	12.16	10.71
104⅞	96⅛	Treas 10pc 1992	98⅛	–⅛	10.19	10.76
98⅞	91¼	Treas. 8pc 1992 ‡‡	93xd	–⅛	8.60	10.73
106⅛	98⅛	Treas 10½pc Cv 1992‡‡	99⅞	–⅛	10.56	10.71
86⅞	81⅞	Treas. 3pc 1992	84¼	.....	3.56	8.68
112⅞	102⅞	Exch. 12¼pc '92	104⅞	–⅛	11.73	10.69
117⅞	106⅞	Exch 13½pc 1992	108¼xd	–⅛	12.47	10.61
97⅛	91	Treas 8¼pc 1993	92⅞	–⅛	8.88	10.30
105⅛	96⅞	Treas 10pc 1993‡‡	98⅞xd	–⅛	10.12	10.37
115⅞	105⅛	Treas 12½pc 1993‡‡	107⅛	–⅛	11.67	10.41
93⅛	85¼	Funding 6pc 1993‡‡	87	.....	6.90	9.62
121⅛	110⅛	Treas 13¾pc 1993‡‡	112¼	–⅛	12.27	10.41
101⅞	90⅞	Treas. 8½pc 1994	92⅞	–⅛	9.15	10.39
125⅛	113⅞	Treas 14½pc 1994‡‡	116⅛	–⅛	12.49	10.26
		Five to Fifteen Years				
120⅞	109⅞	Exch 13½pc 1994	111⅞	–⅛	12.05	10.40
105⅞	96⅞	Treas. 10pc Ln. 1994‡‡	99⅛	–⅛	10.08	10.19
116⅞	106⅛	Exch. 12½pc 1994	108⅛	–⅛	11.51	10.38
101⅞	92⅞	Treas 9pc 1994‡‡	95⅛	–⅛	9.46	10.13
114⅞	104⅞	Treas 12pc 1995	107⅛	–⅛	11.21	10.35
83½	76¼	Exch 3pc Gas 90–95	76¼	–⅛	3.93	7.80
106⅞	97⅞	Exch. 10¼pc 1995	100⅛	–⅛	10.25	10.24
120⅛	109½	Treas 12¾pc 1995‡‡	111⅞	–⅛	11.38	10.21
126⅞	114⅞	Treas. 14pc '96	117⅞	–⅛	11.91	10.35
101⅛	92⅞	Treas. 9pc 1992–96‡‡	96	–⅛	9.38	9.80
133¾	122⅛	Treas 15¼pc 1996‡‡	124¾	–⅛	12.22	10.26
123⅛	112⅛	Exch 13¼pc 1996‡‡	115⅛	–⅛	11.51	10.21
105⅞	96⅞	Conversion 10pc 1996	99⅛	–⅛	10.04	10.07
124⅞	113⅞	Treas 13¼pc 1997‡‡	116⅛	–⅛	11.39	10.17
108⅛	99⅛	Exch 10½pc 1997	102⅛	–⅛	10.26	10.06
98⅞	90⅞	Treas 8¾pc 1997‡‡	93⅞	–⅛	9.34	9.86
134⅞	123¼	Exch 15pc 1997	126⅞	–⅛	11.87	10.29
104	95⅞	Exch. 9¼pc 1998	98⅞	–⅛	9.86	9.94
87⅛	80⅞	Treas 6¾pc 1995–98‡‡	83⅛	–⅛	8.10	9.52
140¼	129⅛	Treas. 15½pc '98‡‡	132⅛xd	–⅛	11.71	10.12
118⅛	108⅞	Exch. 12pc 1998	111⅞	–⅛	10.73	10.04
103⅛	95¼	Treas 9½pc 1999‡‡	98⅞	–⅛	9.62	9.70
120⅛	110⅞	Exch. 12¼pc 1999	113⅞xd	–⅛	10.76	10.02
109⅛	100⅞	Treas. 10½pc 1999	103¾	–⅛	10.12	9.91
107⅞	99⅞	Conversion 10¼pc 1999	102⅛	–⅛	10.02	9.89
100¼	86⅞	Treas. 8½pc Ln 2000‡‡	92½	–⅛	9.20	9.63
99⅞	92⅞	Conversion 9pc 2000‡‡	95⅝	–⅛	9.42	9.65
126⅞	116¼	Treas. 13pc 2000	119⅝	–⅛	10.84	10.01
106⅞	98⅞	Treas 10pc 2001	101⅛	–⅛	9.80	9.70
129⅞	119⅛	Treas. 14pc '98–01	122	–⅛	11.46	10.22
104⅛	97⅛	Conversion 9¾pc 2001	100⅛	–⅛	9.70	9.67
118⅛	108⅛	Exch. 12pc '99–02	111⅞	–⅛	10.73	10.07
107¼	99⅞	Conversion 10pc 2002	103xd	–⅛	9.71	9.60
105⅛	97⅞	Treas 9¾pc 2002	101⅛	–⅛	9.61	9.55
99¾	92⅞	Exch. 9pc 2002	96⅛	–⅛	9.36	9.50
131⅛	121⅛	Treas. 13¾pc 2000–03	124¾	–⅛	11.02	10.04
108	100¼	Treas 10pc 2003	104⅛	–⅛	9.61	9.47
		Over Fifteen Years				
117⅛	108¼	Treas. 11½pc 2001–04	111⅛xd	–⅛	10.30	9.82
108¼	100⅞	Treas. 10pc 2004	104¾	–⅛	9.53	9.39
61	54⅞	Funding 3½pc '99–04	59¼	–⅛	5.90	8.21
104⅞	97⅛	Conversion 9½pc 2004	101½	–⅛	9.34	9.29
104⅞	97⅛	Conversion 9½pc 2005	101⅞xd	–⅛	9.33	9.28
113¼	105⅞	Exch.10½pc 2005	110⅛xd	–⅛	9.52	9.26
128⅛	118⅞	Treas. 12½pc 2003–05	123¾	–⅛	10.13	9.50
92⅞	85⅛	Treas. 8pc 2002–06‡‡	89¾xd	–⅛	8.92	9.20
106⅞	99⅞	Conversion 9¾pc 2006	104⅞	–⅛	9.31	9.20
121⅞	112⅞	Treas. 11¾pc 2003–07	117¼	–⅛	10.03	9.49
97⅛	89⅞	Treas 8½pc 2007 ‡‡	95	–⅛	8.95	9.07
137⅞	127⅛	Treas. 13½pc '04–08	132⅛xd	–⅛	10.21	9.44
101⅞	94⅛	Treas. 9pc 2008 ‡‡	99⅞xd	–⅛	9.02	9.02
92⅞	85	Treas 8pc 2009	91⅛	–⅛	8.80	8.97
102⅛	93¼	Conv 9pc Ln 2011 ‡‡	100¾	–⅛	8.94	8.93
68¾	62¼	Treas. 5½pc 2008–12‡‡	68	+⅛	8.11	8.74
89¾	82⅞	Treas. 7¾pc 2012–15‡‡	88⅞	+⅛	8.74	8.87
132⅛	121⅛	Exch. 12pc '13–'17	130¾	–⅛	9.28	8.93

BRITISH FUNDS—Contd

1988/89 High	Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
		Undated				
45⅝	41⅞	Consols 4pc	45	–⅛	8.89	–
40⅝	37¼	War Loan 3½pc‡‡	40½	–⅛	8.70	–
70⅞	48⅞	Conv. 3½pc '61 Aft	69xd	–⅛	5.07	–
41⅞	30⅞	Treas. 3pc '66 Aft	39¼xd	–⅛	7.64	–
30¾	26⅝	Consols 2½pc	29⅝xd	–⅛	8.44	–
29⅞	26⅝	Treas. 2½pc	29⅛xd	–⅛	8.60	–
		Index–Linked				
		(b)			(1)	(2)
127¼	117½	Treas 2pc IL '90(84.6)	126⅞	+⅛	–	2.81
106⅝	99⅛	Do. 2pc '92‡‡(97.8)	106⅛xd	+⅛	2.55	3.38
99⅞	92½	Do. 2 '94 (102.9)	98⅞	+⅛	2.90	3.38
145	127¾	Do. 2pc '96(67.9)	144⅛xd	+⅛	3.07	3.41
124⅞	103¼	Do 2½pc '01(78.3)	124¼xd	+⅛	3.27	3.50
122⅞	101⅛	Do. 2½pc '03(78.8)	122	+⅛	3.31	3.51
125⅞	102⅛	Do. 2pc '06(69.5)	125⅛	+⅛	3.35	3.52
117¾	95⅞	Do. 2½pc '09(78.8)	117¾	+⅛	3.36	3.52
123⅛	99⅞	Do. 2½pc '11(74.6)	122⅞	+⅛	3.37	3.51
102½	82⅞	Do. 2½pc '13(89.2)	101⅞	+⅛	3.34	3.47
110⅞	88⅞	Do. 2½pc '16(81.6)	110⅛	+⅛	3.33	3.46
108⅝	87⅛	Do. 2½pc '20(83.0)	108xd	+⅛	3.29	3.40
91⅞	73	Do. 2½pc '24‡‡(97.7)	91	+⅛	3.27	3.37

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for June 1988:106.6 and for January 1989:111.0

INT. BANK AND O'SEAS

1988/89 High	Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
109⅛	100⅞	African Dv Bk 11¼ Ln 2010	106⅞	–⅛	10.41	10.31
104¾	96⅞	Asian Dev Bk 10¼pcLn2009	103⅛	–⅛	9.93	9.87
130⅛	120⅞	Australia 13½pc 2010	127⅞	–⅛	10.55	1.252
113⅞	103¼	Do. 11¾pcLn2015	111	–⅛	10.25	10.16
110⅛	103⅛	Euro Inv Bk 11pc Ln 2002	106⅞	–⅛	10.33	10.09
105⅞	98⅞	Do. 10½pc2004	102⅞	–⅛	10.13	10.06
120¼	112⅞	Int-Am Dev Bk 12½pc 2003	116⅞	–⅛	10.72	10.22
99¾	91⅛	Do. 9¼pcLn 2015	97⅞	–⅛	10.00	10.01
97¼	86	Mlysia 10¾pcLn 2009	97xd	.....	11.08	11.13
121	87⅞	Nat. Westen States 16½pc 2008	118	.....	13.98	13.80

CORPORATION LOANS

1988/89 High	Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
111	100	Birmingham 13½pc 1989	100½	.....	13.43	11.20
115½	107⅞	Do. 11½pc 2012	110½	.....	10.41	10.30
94¾	86½	GLC 6¾pc 1990–92	89½xd	.....	7.54	10.85
130	117	Leeds 13½pc 2006	124½xd	.....	10.84	10.45
34	26¼	Liverpool 3½pc Irred	32xd	.....	10.94	–
97	90½	LCC 6¾pc '88–90	93½xd	.....	7.22	11.90
31	25	Do. 3pc '20 Aft	30xd	.....	10.00	–
112	100	Manchester 11½pc 2007	106½	.....	11.00	10.90

COMMONWEALTH & AFRICAN LOANS

1988/89 High	Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
93½	86½	NZ 7¼pc 1988–92	88½	.....	8.19	11.40
207	197	S Rhod 2½pc Non-Asstd	204	.....	–	–
84½	71½	Do. 4½pc 87–92 Asstd	84½xd	.....	5.33	9.33

LOANS

1988/89 High	Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
		Building Societies				
100⅛	97⅞	N'wide Anglia 9⅛pc 17.4.89	99⅞	.....	9.22	13.70
100⅛	97⅞	Do. 9½pc 8.5.89	99⅞	.....	9.56	13.40
100	97⅛	Do. 8⅞pc 30.5.89	99¼	.....	9.02	13.07
100	93½	Do. 9⅞pc 26.6.89	98⅞	.....	9.91	13.35
100	98⅛	Do. 10⅞pc 17.7.89	99½xd	.....	10.78	13.26
100	94⅞	Do. 11⅛pc 7.8.89	99⅛xd	.....	11.16	13.24
100⅛	98⅞	Do. 11⅝pc 29.8.89	99⅞	.....	11.65	13.24
100¼	99⅞	Do. 12⅜pc 18.9.89	99¾xd	.....	12.43	13.24
100¼	98⅞	Do. 12⅞pc 2.10.89	99½	.....	13.00	13.24
100	98⅞	Do. 11⅞pc 6.11.89	99⅛	.....	11.93	13.31
100½	99⅛	Do. 12⅛pc 4.12.89	99⅞	.....	12.31	13.20
100⅛	99⅞	Do. 12⅞pc 2.1.90	99⅞	.....	12.86	13.23
102¼	87½	Do. 3¾pcIL Ln 2021	100½xd	.....	4.39	4.45
		Public Board and Ind.				
97	90	Agric. Mt. 5pc '59–89	97	.....	5.15	3.26
48½	40	Met. Wtr. 3pc 'B'	47xd	.....	6.38	10.50

FOREIGN BONDS & RAILS

1988/89 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
45	33	Greek 7pc Ass	40	.....	3.50	f8.75
45	33	Do. 6pc 28 Stb. Ass	40xd	.....	3	f7.50
45	33	Do 4pc Mixed Ass	40	.....	2	f5.00
80	63	Hung. '24 Ass	80	.....	2.75	f3.57
140⅞	128⅞	Hydro Quebec 15pc 2011	137¼	–⅛	15.00	10.60
131⅛	134	Iceland 14½pc Ln 2016	126⅞xd	–⅛	14.50	11.28
101¼	37¼	Ireland 9¾pc '91–96	96¼xd	–⅛	9.75	10.45

AMERICANS

1988/89 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
30½	22¼	Abbott Laboratories‡	30¾xd	–⅛	$1.20	–	2.3
649p	340p	♦Allegheny & W 1c	580p	+7	30c	–	3.4
15⅛	862p	Amax $1	14½	.....	40c	–	1.7
15⅞	8⅛	Amdahl 5c	10¾xd	+⅛	N10c	–	0.6
31¾	22	Amer. Cyanamid $5	30½	+⅛	$1.20	–	2.3
18¼	11¼	Amer. Express 60c	17¼xd	+⅛	84c	–	2.8
10¾	668p	Amer. Medical Int. $1	10½	–⅛	♦72c	–	4.0
18¾	13¾	American T. & T. $1	18¾	+½	$1.20	–	3.7
30¼	22⅛	Ameritech $1	29⅞xd	.....	h$2.92	–	5.7
		For Anheuser–Busch see Beers, Wines & Spirits					
12⅛	3⅝	BankAmerica $1⅛	12¼	+⅛	60c	–	2.9
24½	16⅛	Bankers N.Y. $1	22⅝	+⅛	$2.08	–	5.4
43¾	34¼	Bell Atlantic $1	43½	.....	$4.08	–	5.5
25½	19¾	BellSouth Corp	24¼	.....	$2.36	–	5.7
15¾	850p	♦Bethlehem Steel $8	14⅞xd	+⅛	–	–	–
13¼	801p	♦Bio–Rad Labs. A	10¾	–⅛	–	–	–
23½	14	Bowater Inc	16	.....	$1.12	–	4.1
13½	787p	Brunswick 75c	10xd	+⅛	44c	–	2.6
33½	21⅝	CPC Intnl. 25c	30⅛	+⅛	$1.60	–	3.1
19¼	13¼	CSX $1	18½	.....	$1.24	–	3.9
590p	89p	California Engy	590pxd	.....	–	–	–
20½	12⅝	Campbell Soup 15c	18¾	.....	92c	–	2.9
20¾	11¼	Chase Manhattan $12½	19⅝	–1⅛	$2.36	–	7.0
19¾	11½	Chem. Banking Corpn	18¼xd	+⅛	$2.72	–	8.8
16¾	11	Chrysler $6¼	15xd	+⅛	$1.20	–	4.7
16¼	9⅞	Citicorp $1	15⅝xd	.....	$1.48	–	5.5
297p	125p	CityFed Fin. Corp	125p	–50	4c	–	1.9
28¼	20¾	Colgate–Palmolive $1	26⅞xd	.....	♦$1.48	–	3.2
21½	13½	Cons Freightways 62½c	17½xd	+⅛	98c	–	3.3
14	536p	Cont'l Bank Corp $4	11¼	+⅛	8c	–	0.4
14p	6¼p	Cont Illinois Hldgs $1	7¼p	.....	–	–	–
428p	117p	♦Corporate Data Scnce	334p	+2	–	–	–
510p	234p	Cullinet Sftwr 1c	312p	+7	–	–	–
22⅞	17¾	Dana Corp. $1	22¼	+⅛	$1.60	–	4.1
15¼	943p	Data General	999p	....	–	–	–
32½	24½	Dun & Bradstreet $1	29	+½	$1.74	–	3.5
49¾	27⅞	Eaton Corpn. 50c	33⅛xd	.....	h$2.00	–	3.5
10	8¾	Echlin Inc	9⅛	....	50c	–	3.6
18¼	14¾	FPL Group 1c	17½xd	+⅛	$2.20	–	7.3
32¼	20⅛	Ford Motor $1	29¼	+⅛	$3.00	–	6.0
33¾	20⅛	GATX 62½c	31¼xd	+⅛	$2.00	–	3.7
27¼	20⅝	Gen. Elect. 63c	26½xd	+⅛	$1.64	–	3.6
700p	425p	♦General Host Corp $1	516p	.....	20c	–	3.2
25⅛	15¼	Gillette $1	20¾	.....	96c	–	2.7
803p	474p	Gt Am First Svgs Bk $1	704p	–22	60c	–	5.0
21¼	13⅝	Greyhound $1½	17⅛	+⅛	$1.32	–	4.4
11½	654p	Hasbro Inc 50c	10⅞	+⅛	16c	–	0.9
8¼	5⅛	Home Group $1	8⅛xd	+⅛	20c	–	1.4
42⅛	28⅞	Honeywell $1½	36¾	+⅛	$2.10	–	3.3
19¼	14⅝	Houston Inds.‡	15¾	–⅛	$2.96	–	10.9
105p	40p	♦Image Storage/R.Sys.1c	50p	–2	–	–	–
26½	17½	Ingersoll–Rand $2	22⅞xd	+⅛	$1.04	–	2.7
29½	18½	Lockheed Crpn. $1	27⅝xd	–⅛	$1.60	–	3.4
19¼	11½	Lone Star Inds $1	17¾xd	.....	$1.90	–	6.2
20⅛	15⅛	Louisiana Land 15c	20⅛xd	+⅛	$1.00	–	2.9
14¼	860p	Lowe's 50c	16¼	–⅛	48c	–	2.0
19¼	10¼	Manuf. Hanover $1	19¼	+⅛	$3.28	–	10.0
17⅞	11⅞	Merrill Lynch $1	16⅝	–⅛	$1.00	–	3.6
2437p	1137p	Molex Inc	1962p	+8	3.2c	–	–
23¼	16½	Morgan (JP) $2½	20⅝xd	+⅛	$1.66	–	4.7
41⅛	32¾	NYNEX $1	40¾	.....	$4.04	–	5.8
20¾	15	PHH Corp.‡	20¼	–⅛	$1.12	–	3.2
300p	99p	♦Pacific Agr.‡	229p	–3	–	–	–
21½	16¾	Pacificorp $3¼	19¾	+⅛	$2.64	–	7.8
20¾	13¼	Pacific Telesis 10c	20⅝	–⅛	$1.76	–	5.0
18½	13¼	Pall Corp. 25c	16¼	+⅛	48c	–	1.7
49½	34½	Pennzoil 83 1/3c	49	+⅛	$3.00	–	3.6
21¼	11¾	Premark Intl	19⅛xd	+⅛	60c	–	1.8
34¼	21¾	Quaker Oats $5	30	+⅛	$1.20	–	2.3
29⅞	21	Rep NY Corpn $5	25⅞xd	.....	$1.20	–	2.7
13½	9⅛	Rockwell Intl. $1	12⅛xd	.....	72c	–	3.3
26½	18	Southwestern Bell $1	26¼	–⅛	$2.48	–	5.5
22⅛	12⅛	Sun Co. Inc. $1	21⅛	+⅛	$1.80	–	4.9
29⅛	22¼	TRW Inc. 62½c	26¼	+⅛	$1.72	–	3.8
17	754p	TW Services $5	16⅞	+⅛	10c	–	0.3
29	21¼	Tenneco $5	28⅛	+⅛	$3.04	–	6.3
31⅛	19⅞	Texaco $6.25	31¼xd	+⅞	♦$3.00	–	5.6
27¼	19¼	Texas Instr. $1	22⅛xd	–⅛	72c	–	1.9
70⅛	43¼	Time Inc. $1	60⅛	+⅛	$1.00	–	0.9
20¼	13½	TRINOVA Corp	16⅞xd	+⅛	64c	–	2.2
19	14⅛	USX $1	18¾	+⅛	$1.40	–	4.4
154p	44p	♦Unitab	154p	+5	–	–	–
26½	17¾	Utd. Technologies	26¼	+⅛	$1.60	–	3.6
163p	27p	♦Utiltech Inc	140p	+2	–	–	–
36¼	26¼	US West‡	36¼	+⅛	$3.76	–	–
26⅛	16¾	Waste Management $1	25⅛	+⅛	48c	–	1.1
16¾	12¾	Whirlpool $1	15¾	–⅛	$1.10	–	4.2
20¼	15⅛	Whitman Corp	19⅛xd	+⅛	96c	–	2.9
33⅛	18¼	♦Woolworth $3½	29¾	+⅛	$1.64	–	3.3

Continued on next page

	Bid Price	Offer Price	+ or –	Yield Gross
Korea Growth Trust				
Ssangyong Citizens Invest Trust Mgmt Co NAV Won 29,411.02 US$43.53				
Korea International Trust				
Fund Mngr: Korea Invest Trust Co Ltd NAV Mar 16 Won 43,556.00 IDR Value US$64,451.02				
La Fonds International Company				
NAV Mar 15		$10.35		–
PFC Internatl Portfolio Fd Mngt Ltd				
Specialist Growth Fd	$2.15	2.26		–
Balanced Growth Fd	$2.00	2.10		–
Sterling Income Fd	£1.46	1.54		–
Strategic Reserve Fd	$1.04	1.10		–
PRS International				
PRS Value Fd		$976.61		–
Pacific Growth Fund				
NAV Mar 16		$18.75	+0.06	–
Taiwan (ROC) Fund				
NAV Mar 16 NT$2,328.00 IDR Value US$84,839.65				
Target International (Europe) Ltd				
International Bond Fund	120.75	127.50		–
Target International Fountain Fund				
Global Managed	SFr2.82		+0.02	–
U.K.	SFr2.90		+0.02	–
Japan	SFr3.01		+0.04	–
Gold Shares	SFr2.36		–	–
North American	SFr2.96		+0.05	–

[illegible]

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

Aitken Hume
30 City Road, EC1Y 2AY. 01-638 6070

Treasury Acc	12.00	9.21	12.71	Qtr
Mth Int Chq £1000-£5000	11.75	9.02	12.54	Mth
Mth Int Chq £5,000+	12.00	9.21	12.81	Mth

Bank of Ireland High Interest Cheque Acc
36 Queen St, EC4R 1BN. 01-329 4500

2,000–9,999	11.726	9.000	12.411	Qtr
£10,000+	12.052	9.250	12.768	Qtr

Bank of Scotland
38 Threadneedle St, EC2P 2EH. 01 601 6746

Money Mkt Cheque Acc	11.65	8.94	12.42	Mth

Barclays Prime Account

[illegible]

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CANADIANS

1988/89 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
309p	130p	♦ABM Gold Corp ‖	139p	......	–	–	–
32p	4½p	♦Abbot Energy Corp	17p	......	–	–	–
14¼	882p	♦Amer. Barrick Res.	13⅛	+⅛	–	–	–
10p	2½p	♦Amer. Lightwave ‖	2½p	......	–	–	–
47p	7½p	♦Armeno	17p	–1½	–	–	–
125p	83p	♦Asiamerica ‖	108p	......	–	–	–
76p	23p	♦Augmitto Expln	27p	–½	–	–	–
14½	10⅞	Bk. Montreal ‖	13⅛	–⅛	$2.12	–	7.4
769p	514p	Bk. Nova Scot. ‖	731p	......	84c	–	5.5
18¼	15¼	BCE ‖	17⅞	–⅛	$2.44	–	6.6
728p	527p	♦Bow Valley ‖	728p	+7	♦40c	–	2.6
14¼	10½	♦Brascan ‖	13¼	+¼	88c	–	3.2
328p	177p	♦Breakwater Res.	201p	–10	10c	–	2.4
13¾	801p	Can Imp Bank ‖	13¼	......	$1.16	–	4.2
12¾	841p	Can. Pacific ‖	11¾	–¼	76c	–	3.3
41½	38½	Do. 4pc Deb £100	38½	......	4%	–	10.4
515p	357p	Central Capital "A" ‖	439p	......	–	–	–
485p	313p	♦Corona Corp.	411p	......	–	–	–
886p	228p	♦Coes TVX Min	348p	–12	–	–	–
371p	20p	♦Danbus Mem Syst. ‖	21½p	+1	–	–	–
686p	430p	♦Derlan Inds ‖	607p	......	11.73c	–	0.9
14¼	746p	♦Echo Bay Mines	928p	+18	$0.07	–	0.4
839p	249p	♦ECO Corp ‖	425p	......	–	–	–
40p	9½p	♦Energex Minerals ‖	11½p	–2	–	–	–
386p	196p	♦Galactic Resources	221p	......	–	–	–
423p	267p	Gandalf Techs. Inc.	279p	–8	–	–	–
125p	34p	♦Geodome Res	36½p	......	–	–	–
394p	141p	Granges Expln ‖	155½p	+3	–	–	–
27½p	4½p	♦Gt. Pacific Res.	23½p	......	–	–	–
903p	576p	♦Gulf Canada ‖	758p	+19	52c	–	3.3
12¼	816p	♦Hawker Sid Can ‖	12	......	$1.08	–	4.3
590p	344p	♦Henlys Group	479p	–21	–	–	–
12½	785p	♦Hudson's Bay ‖	12½	......	60c	–	2.3
28¼	20¼	♦Imperial Oil ‖	26⅝	+⅝	$1.80	–	3.2
20⅞	10¼	Inco ‖	17½	......	s$0.80	–	2.7
715p	462p	♦Inland Nat. Gas $1	634p	......	60c	–	4.5
250p	100p	♦Madeleine Mines	140p	–5½	–	–	–
207p	126p	♦Muscocho Expln	183p	......	–	–	–
245p	85½p	♦Nevada Goldfields	116p	+6	–	–	–
12⅞	787p	♦Rio Algom	11¼	......	$1.30	–	5.6
19⅝	11½	Royal Bk. Can. ‖	19⅝	+¼	$2.20	–	5.5
40⅞	26¼	Seagram ‖	39¼	+⅜	US$1.40	–	2.1
361p	74½p	♦Sonora Gold Corp ‖	104½p	......	–	–	–
121p	18p	♦Spiral Eng ‖	72½p	......	–	–	–
150p	35p	♦Taro Pure Tech. Corp ‖	92p	+5½	–	–	–
19⅞	11¼	Toronto-Dom. Bk. ‖	19¼	+¼	$1.12	–	2.8
746p	566p	♦Trans Can Pipe	722p	–5	68c	–	4.5
205p	127p	Varity Corp ‖	165p	+2	B	–	–

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INDUSTRIALS (Miscel.) – Contd.

INSURANCES

LEISURE

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LEISURE—Contd

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Contd

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND—Contd

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Contd

Tins

Miscellaneous

THIRD MARKET

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.
Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ● Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ● USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- ∥ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ∎ No par value

B.Fr. Belgian Francs. Fr. French Francs ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p.... γ	91	+2
Craig & Rose £1.. γ	728	......
Finlay Pkg. 5p.... γ	95	......
Holt (Jos) 25p.... γ	1270	......

IRISH

Cap. 8½% Ln. 1991	£100¾	......
9pc Cap Ln. 1996..	£101	......
Fin. 13% 97/02...	£121	......
Arnotts	485	......
Carrol (P.J.)...... γ	150	......
Hall (R. & H.)	145	......
Helton Hldgs...... γ	74	−1
Irish Ropes	168xr	+3

TRADITIONAL OPTIONS

3-month call rates

Industrials

Stock	p
Allied-Lyons	40
Amstrad	18
BAT	40
BOC Grp	36
BSR	7½
BTR	28
Barclays	34
Beecham	40
Blue Circle	39
Boots	20
Bowaters	38
Brit Aerospace	42
Brit. Telecom	21
Burton Ord	18
Cadburys	31
Charter Cons	45
Comm Union	28
Courtaulds	26
FKI Babcock	13
FNFC	21
Gen Accident	71
GEC	15
Glaxo	90
Grand Met	38
GUS 'A'	90
Guardian	16
GKN	28
Hanson	12
Hawker Sidd	48
ICI	85
Jaguar	22
Ladbroke	38
Legal & Gen	26
Lex Service	34
Lloyds Bank	29
Lucas Inds	48
Marks & Spencer	15
Midland Bk	35
Morgan Grenfell	28
NEI	12
Nat West Bk	45
P & O Dfd	48
Plessey	15
Polly Peck	28
Racal Elect	25
RHM	32
Rank Org Ord	63
Reed Intnl	38
STC	24
Sears	13
TI	32
TSB	9
Tesco	12
Thorn EMI	55
Trust Houses	24
T&N	16
Unilever	42
Vickers	15
Wellcome	42

Property

Stock	p
Brit Land	38
Land Securities	52
MEPC	50

Oils

Stock	p
Brit Petroleum	21
Do. (P.Paid)	12
Burmah Oil	48
Calor	35
Charterhall	2½
Premier	9
Shell	85
Ultramar	21

Mines

Stock	p
Cons Gold	100
Lonrho	38
RTZ	40

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Central banks intervene

Concerted intervention yesterday by eight European central banks pulled the dollar back from its best levels touched soon after the opening. It retains a firm undertone, however. Recent projections by the US Federal Reserve suggest that economic growth remains moderately strong and that upward pressure on prices may not yet have reached a peak.

The prospect of higher US interest rates to control the inflationary implications of an expanding economy was enough to encourage renewed dollar investment. But central banks moved quickly yesterday morning to sell the dollar, and after touching a high of DM1.8760 the US unit came back to trade in a narrow range just below DM1.8700.

The start of trading in New York failed to provide any fresh impetus, although the dollar edged up to trade just over DM1.87 for the latter part of the afternoon. It closed at DM1.8715 from DM1.8725 on Wednesday.

Many investors are now very wary of being caught out by intervention. In addition, today sees the release of US producer prices for February - regarded as a key barometer in assessing any inflationary build up in the economy.

Economic data released yesterday included industrial production for February which was unchanged from a month earlier. Capacity utilisation at 84.3 per cent in February was in line with expectations, but the January figure was revised up to 84.5 per cent, the highest level for 10 years.

The dollar closed at Y131.20, up from Y130.60 and SFr1.6110 from SFr1.6085. It was unchanged against the French franc at FFr6.3375. The dollar's more pronounced improvement in yen terms - the close was its best level for five months - reflected the Bank of Japan's continued absence from co-ordinated central bank intervention to suppress the US unit. On Bank of England figures, the dollar's exchange rate index finished at 68.1 from 67.8 on Wednesday.

Sterling traded within a relatively narrow range for most of the day. Its exchange rate index closed at 94.4, unchanged from the close on Wednesday and compared with an opening rate of 94.5.

The pound remains underpinned by the high level of UK interest rates, a broadly favourable reaction to the UK Budget, and the Government's determination to use high interest rates to bear down on inflation and also to protect the pound.

Figures on UK average earnings and wage costs for January were released yesterday, and underlined the need for a continuing tight monetary policy. Earnings rose by an underlying 9 per cent against 8.75 per cent in December while unit wage costs were up an annualised 3.6 per cent from 2.9 per in December.

The pound was barely changed at the close in dollar terms at $1.7180 from $1.7185. Against the D-Mark, it edged down to DM3.2150 from DM3.2175 but rose against the yen to Y225.50 from Y224.50. Elsewhere, it finished at SFr2.7675 from SFr2.7650 and FFr10.8875 compared with FFr10.8900.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Mar.16	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.6081	+2.64	+0.76	±1.5344
Danish Krone	7.85212	8.12014	+3.30	+1.42	±1.5404
German D-Mark	2.05853	2.08313	+1.18	-0.70	±1.0981
French Franc	6.90403	7.05098	+2.08	+0.20	±1.3674
Dutch Guilder	2.31943	2.35036	+1.32	-0.56	±1.5012
Irish Punt	0.768411	0.779846	+1.47	-0.41	±1.6684
Italian Lira	1483.58	1527.76	+2.89	+1.75	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Mar.16	Latest	Previous Close
£ Spot	1.7180-1.7190	1.7205-1.7215
1 month	0.41-0.40pm	0.41-0.40pm
3 months	1.13-1.11pm	1.15-1.13pm
12 months	2.95-2.85pm	2.98-2.88pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

POUND SPOT- FORWARD AGAINST THE POUND

CURRENCY RATES

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

CURRENCY MOVEMENTS

EURO-CURRENCY INTEREST RATES

OTHER CURRENCIES

EXCHANGE CROSS RATES

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

Sterling contracts soft

STERLING INTEREST rate contracts were slightly weaker on *Liffe yesterday*. The market lacked enthusiasm, showing virtually no reaction to figures on UK employment trends and industrial production.

Traders said the repayment of £1bn in the Public Sector Borrowing Requirement was higher than expected, and was mildly encouraging, but other figures tended to cancel each other out.

The usual reaction after a UK Budget is for profit taking in gilts, but this has not been a feature this time mainly because there was no strong buying ahead of Tuesday's statement from the Chancellor. June long gilt futures closed at 98-13, compared with 98-16 on Wednesday, on volume of only around 8,000 contracts.

Short sterling futures also traded quietly. June delivery fell to 87.17 from 87.21, indicating a three-month Libor cash rate of 12¾ per cent at delivery. Not until the September contract, which closed at 87.71, is there any hint of a possible cut in UK bank base rates.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
95	334	439	8	21
96	242	351	16	33
97	157	303	31	49
98	114	225	52	107
99	47	153	121	135
100	27	123	201	205
101	15	63	253	245

Estimated volume total, Calls 1619 Puts 669
Previous day's open int. Calls 21281 Puts 14071

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
82	635	641	7	29
84	445	519	17	51
86	303	354	39	122
88	144	242	116	210
90	46	140	218	308
92	18	62	354	430
94	7	38	543	606

Estimated volume total, Calls 495 Puts 105
Previous day's open int. Calls 1506 Puts 1883

LIFFE FT-SE INDEX FUTURES OPTIONS

Strike Price	Calls-settlements Mar	Puts-settlements Mar
19500	1670	0
20000	1170	0
20500	677	7
21000	258	88
21500	47	377
22000	—	—
22500	—	—

Estimated volume total, Calls 0 Puts 0
Previous day's open int. Calls 0 Puts 0

LIFFE £/$ OPTIONS

LIFFE EURODOLLAR OPTIONS

LIFFE SHORT STERLING

PHILADELPHIA SE £/$ OPTIONS

LONDON SE £/$ OPTIONS

LONDON (LIFFE)

CHICAGO

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS : 74,057

A=Ask B=Bid C=Call P=Put

MONEY MARKETS

Rates little changed

INTEREST RATES in London were slightly firmer at the long end, but were generally little changed after yesterday's batch of UK economic data. Dealers noted that falling industrial production could be regarded as bullish for hopes the economy is slowing, but this was matched by the inflationary implications of rising unit labour costs.

UK clearing bank base lending rate
13 per cent
from November 25

Mr Nigel Lawson, the Chancellor, speaking in a radio interview, underlined the Government's commitment to reducing inflation by repeating that interest rates will stay as high as needed for as long as needed.

Three-month sterling interbank was unchanged at 13-12⅞ per cent, while one-year money rose to 12⅞-12¾ per cent from 12¾-12⅝ per cent.

The Bank of England initially forecast a money market credit shortage of £200m, but revised this to £250m at noon, and provided total help of £185m.

The authorities did not operate in the market before lunch, but in the afternoon bought £85m bills by way of £5m bank bills in band 1 at 12⅞ per cent and £80m bank bills in band 2 at 12¾ per cent. Late assistance of around £100m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £676m, with a rise in the note circulation absorbing £95m and bank balances below target £15m. These outweighed Exchequer transactions adding £605m to liquidity.

In Frankfurt call money eased to 5.80 per cent from 5.85 per cent, in spite of a projected drain on liquidity caused by Bundesbank intervention on the foreign exchanges. Central bank action, to sell dollars has the effect of taking D-Marks out of circulation, but this is unlikely to filter through into the domestic money market until next week.

The general level of liquidity remains adequate, after this week's securities repurchase agreement tender added a net DM3.9bn to the market on Wednesday. As expected yesterday's Bundesbank council meeting left credit policy unchanged.

In Paris the Bank of France kept its money market intervention rate at 8.25 per cent, when injecting liquidity through a securities repurchase tender. The French central bank allocated FFr69bn. This will enter the market today, as an earlier facility of FFr46.3bn expires. The five to ten-day emergency funding rate was left unchanged at 9 per cent.

FT LONDON INTERBANK FIXING

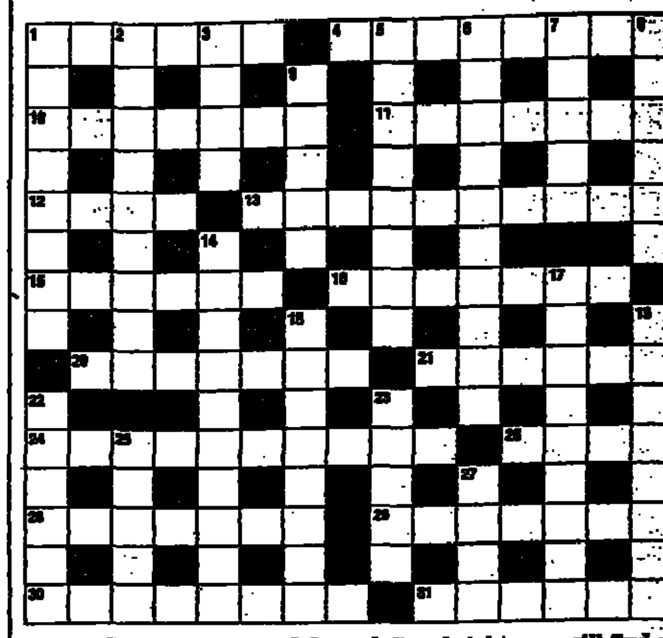
MONEY RATES

LONDON MONEY RATES

BASE LENDING RATES

CROSSWORD

No.6,887 Set by CINEPHILE



Diagonally from 18, up and down, left and right, you will find an effect of a holiday (7,8) not on the NHS (7,8)

ACROSS

1 Ask one to leave (6)
4 Clothing business or non-quality journalism? (3,5)
10 Stimulus round America in Russian sea (7)
11 Paid not to object to being multiplied by itself (7)
12 Vulgar or insincere talk has no power (4)
13 An old way for the church to raise money is converse (10)
15 No bias displayed for small trees? (6)
16 Where bones are treated as yours (7)
20 Mischief-maker's tea spoon? (7)
21 Antigua naturally has a lizard (6)
24 Involuntary movement covers unit with confusion (7,3)
26 Help with second half of ABC (4)
28 Hellish place for pigs and big man with no tail (7)
29 Wanting to know is funny (7)
30 Hamlet has to emasculate tribute (8)
31 It is said to prod between poles (6)

DOWN

1 Youthful sellers of the den? (4,4)
2 Crazy fellow put through the mill for a monkey? (9)
3 Home for one's treasures? (4)
5 Mathematical co-ordinate makes basic change to fool coming up (8)
6 Soften lawman's heart and he'll run the line (5-5)
7 Screen for one's embarrassment? (5)
8 Senior, badly led, set out (6)
9 Should it give one a smooth flight? (5)
14 Headgear for lion wrapped in clothes for leaping like a horse? (10)
17 Back door left swinging to catch escaping criminals (4,5)
18 Queen and prince, perhaps, entertained by friend of their own? (8)
19 Irregular with prejudice (8)
22 One Latin journalist isn't employed (6)
23 A craving for a bone (5)
25 Painter takes that material (5)
27 Journey taken at the fall (4)

Solution to Puzzle No.6,886

REGIMEN STARTER
E U A A T N R U
BONER TURNCOATS
U P C U A E M T
FOOLHARDY SEPAL
F W A T E
SEDAN LIBERATED
E A L A A H
PORTRAYED LEEKS
L R S O P
ARENA TREASURER
T M T R C T I I
THEMIKADO ONSET
E N V M K O T E
REDRESS DEPOSES

JOTTER PAD

LEGAL NOTICES

IN THE MATTER OF
DAVID GREEN
(WHISKY BROKERS) LIMITED
AND
IN THE MATTER OF
THE INSOLVENCY ACT 1986

NOTICE IS HEREBY GIVEN that the Creditors of the above named company, which is being voluntarily wound up, are required, on or before the 3rd day of April 1989 to send in their full christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their solicitors (if any) to the undersigned SURJIT KUMAR SINGLA, FCA of SINGLA & CO, Chartered Accountants, 49 Queen Victoria Street, London EC4N 4SA, the Liquidator of the said company, and if so required by notice in writing from the said Liquidator, are personally or by their solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

DATED this 3rd day of March 1989

S.K. SINGLA
Liquidator

NOTE: The above notice is purely formal as all known debts have been or will be paid in full.

PERSONAL

هكذا من الأصل

WORLD STOCK MARKETS

AUSTRIA — March 16 — Sch — + or −
[illegible]

BELGIUM/LUXEMBOURG — March 16 — Frs. — + or −
[illegible]

DENMARK — March 16 — Kr — + or −
[illegible]

FINLAND — March 16 — Mks — + or −
[illegible]

FRANCE — March 16 — Frs. — + or −
[illegible]

FRANCE (continued) — March 16 — Frs. — + or −
[illegible]

GERMANY — March 16 — Dm. — + or −
[illegible]

GERMANY (continued) — March 16 — Dm. — + or −
[illegible]

ITALY — March 16 — Lire — + or −
[illegible]

ITALY (continued) — March 16 — Lire — + or −
[illegible]

NETHERLANDS — March 16 — Fls. — + or −
[illegible]

NORWAY — March 16 — Kroner — + or −
[illegible]

SPAIN — March 16 — Pts. % — + or −
[illegible]

SWEDEN — March 16 — Kroner — + or −
[illegible]

SWITZERLAND — March 16 — Frs. — + or −
[illegible]

SOUTH AFRICA — March 16 — Rand — + or −
[illegible]

JAPAN — March 16 — Yen — + or −
[illegible]

AUSTRALIA — March 16 — Aust.$ — + or −
[illegible]

AUSTRALIA (continued) — March 16 — Aust.$ — + or −
[illegible]

HONG KONG — March 16 — H.K.$ — + or −
[illegible]

SINGAPORE — March 16 — S$ — + or −
[illegible]

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) unavailable. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO
2pm prices March 16

Quotations in cents unless marked $.

Sales — Stock — High — Low — Close — Chng
[illegible]

‡ – No voting rights or restricted voting rights.

INDICES

NEW YORK — DOW JONES

	Mar 15	Mar 14	Mar 13	Mar 10	1988/89 High	1988/89 Low	Since compilation High	Since compilation Low
◊Industrials	2320.54	2306.25	2306.25	2282.14	2347.14 (7/2/89)	1879.14 (20/1/88)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	88.04	87.95	87.97	87.95	91.25 (3/3/88)	86.12 (4/1/88)	–	–
Transport	1061.29	1058.70	1060.96	1064.20	1087.97 (7/2/89)	737.57 (21/1/88)	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	183.38	182.91	182.91	182.37	191.15 (24/1/89)	167.26 (20/4/88)	227.83 (22/1/87)	10.50 (8/4/32)

◊Day's High 2332.86 (2322.68) Low 2300.71 (2296.79)

STANDARD AND POOR'S	Mar 15	Mar 14	Mar 13	Mar 10	1988/89 High	1988/89 Low	Since compilation High	Since compilation Low
Composite ‡	296.67	295.14	295.32	292.88	299.63 (7/2/89)	242.63 (20/1/88)	336.77 (25/8/87)	4.40 (1/6/32)
Industrial	342.97	340.95	341.21	338.17	346.41 (7/2/89)	277.86 (20/1/88)	393.17 (25/8/87)	3.62 (21/6/32)
Financial	27.83	26.94	26.90	26.69	27.24 (7/2/89)	21.51 (8/1/88)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	166.67	165.93	166.00	164.85	168.02 (7/2/89)	136.72 (20/1/88)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. Value	331.79	330.53	330.54	328.92	331.79 (15/3/89)	262.76 (12/1/88)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	406.98	406.01	406.56	405.90	409.19 (7/2/89)	331.97 (12/1/88)	455.28 (26/8/87)	54.87 (31/10/72)

	Mar 10	Mar 3	Feb 24	year ago (approx.)
Dow Industrial Div. Yield	3.70	3.70	3.75	3.38
	Mar 8	Mar 1	Feb 22	year ago (approx.)
S & P Industrial div. yield	3.16	3.23	3.18	2.93
S & P Indl. P/E ratio	13.04	12.68	13.48	15.41

TRADING ACTIVITY † Volume Millions

	Mar 15	Mar 14	Mar 13
New York	167.070	139.970	141.048
Amex	12.724	12.834	13.158
OTC	141.230	137.610	118.384

NEW YORK	Mar 15	Mar 14	Mar 13
Issues Traded	1,924	1,946	1,936
Rises	787	670	865
Falls	596	722	566
Unchanged	541	554	504
New Highs	77	57	66
New Lows	22	25	13

CANADA

TORONTO	Mar 15	Mar 14	Mar 13	Mar 10	1988/89 High	1988/89 Low
Metals & Minerals	3394.1	3418.4	3466.1	3459.7	3564.9 (6/2/89)	2238.7 (8/2/88)
Composite	3622.2	3624.8	3637.1	3631.3	3696.1 (8/2/89)	2977.9 (8/2/88)
MONTREAL Portfolio	1801.20	1797.43	1804.36	1798.36	1850.44 (8/2/89)	1305.06 (27/1/88)

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
AT&T	3,104,600	32⅝	+ ⅜
Hospital Corp	2,871,400	49¼	+ ⅛
Ford Motor	2,169,300	50¼	− ⅛
Texaco	2,095,200	53½	+ 1⅛
Philip Morris	2,044,700	118⅝	+ ⅛
Storage Technology	1,877,600	2	----
Mobil	1,799,300	50⅞	+ 1
SmithKline	1,798,400	53⅞	+ 1⅛
IBM	1,651,400	117	− ⅞
Exxon	1,625,100	45⅛	+ ⅝

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Mar. 16	Mar. 15	Mar. 14	Mar. 13	1988/89 High	1988/89 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1497.6	1491.1	1493.4	1490.8	1657.8 (9/8/88)	1170.7 (10/2/88)
All Mining (1/1/80)	695.7	693.5	691.6	694.9	847.8 (9/8/88)	532.4 (10/2/88)
AUSTRIA						
Credit Aktien (30/12/84)	262.12	260.14	260.33	258.21	262.12 (16/3/89)	163.98 (11/2/88)
BELGIUM						
Brussels SE (1/1/80)	5710.36	5699.61	5699.67	5693.47	5834.01(10/2/89)	3608.35(4/1/88)
DENMARK						
Copenhagen SE (3/1/83)	(u)	284.98	283.70	283.09	291.83 (10/2/89)	180.68 (4/1/88)
FINLAND						
Unitas General (1975)	791.0	791.6	791.7	791.5	791.7 (14/3/89)	530.6(15/1/88)
FRANCE						
CAC General (31/12/82)	444.0	441.0	440.8	437.7	457.1(3/2/89)	251.3 (29/1/88)
Ind. Tendance(30/12/88)	104.0	103.5	102.5	101.7	108.1(3/2/89)	97.5 (27/2/89)
GERMANY						
FAZ Aktien (31/12/58)	557.02	560.41	558.76	552.28	569.27(8/2/89)	396.40 (29/1/88)
Commerzbank (1/12/53)	1657.4	1667.70	1664.20	1643.8	1705.6(5/1/89)	1207.9 (29/1/88)
DAX (30/12/87)	1323.64	1334.75	1329.50	1313.55	1371.10(5/1/89)	931.18 (28/1/88)
HONG KONG						
Hang Seng Bank (31/7/64)	3150.85	3095.91	3034.79	3029.89	3209.96 (9/2/89)	2223.56 (8/2/88)
ITALY						
Banca Com. Ital. (1972)	596.18	584.12	578.10	577.90	615.89 (17/1/89)	423.91 (9/2/88)
JAPAN						
Nikkei (16/5/49)	32098.24	32100.48	31724.35	31552.9	32452.49(23/2/89)	23217.04 (4/1/88)
Tokyo SE (Topix) (4/1/68)	2432.69	2432.77	2407.52	2392.89	2490.07(8/2/89)	1690.44 (4/1/88)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	229.5	227.8	226.0	224.7	229.5† (16/3/89)	208.3† (3/1/89)
CBS All Shr (End 1983)	183.6	182.2	180.8	179.7	183.6† (16/3/89)	166.7† (1/3/89)
NORWAY						
Oslo SE (2/1/83)	589.65	586.70	581.45	587.75	590.14 (7/3/89)	327.78 (28/1/88)
SINGAPORE						
Straits Times Ind. (30/12/66)	1185.79	1179.91	1166.97	1160.38	1185.79 (16/3/89)	833.60(4/1/88)
SOUTH AFRICA						
JSE Gold (28/9/78)	1600.0§	1616.0	1591.0	1572.0	1616.0 (15/3/89)	1154.0 (4/5/88)
JSE Industrial (28/9/78)	2361.0§	2325.0	2319.0	2329.0	2361.0 (16/3/89)	1387.0 (12/2/88)
SPAIN						
Madrid SE (30/12/85)	279.70	280.11	280.71	278.68	381.63 (15/6/88)	225.50 (4/1/88)
SWEDEN						
Jacobson & P. (31/12/56)	3854.8	3869.50	3889.90	3834.10	3889.90(14/3/89)	2148.5 (4/1/88)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	654.7	650.0	647.4	646.6	654.7 (16/3/89)	466.6 (13/1/88)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	506.9	503.9	501.6	519.0 (19/2/89)	401.0 (21/1/88)

§ Subject to official recalculation. † 1989 High & Low.

Base values of all indices are 100 except Brussels SE and DAX – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia, All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Thursday 16 March 1989

	Stocks Traded	Closing Prices	Change on day
Nippon Steel	61.1m	944	+14
Kobe Steel	60.1m	920	+37
Kumagai Gumi	41.5m	1,780	+60
Okumura Corp	30.0m	2,160	+260
Mitsui Eng & Shipbldg	32.9m	880	-15
Nisshin Steel	28.8m	1,300	+40
Penta Ocean Construction	24.0m	1,470	+80
Fujita	23.4m	1,950	-40
Taisei	23.3m	1,830	+30
Sumitomo Metal	22.9m	845	+5

3pm prices March 16

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		- A - A - A -								
28⅝	21¾	AAR	.44	1.6	19	188	28½	27¾	28¼	+ ½
10⅛	8½	ACM n	1.01	11.		89	8⅞	8¾	8⅞	+ ⅛
12	10¼	ACMIn	1.26a	12.		366	10¾	10⅝	10⅝	
10⅛	8½	ACM M	n1.01	12.		190	8⅞	8¾	8¾	- ⅛
12	10⅛	ACM Sc	1.26	12.		836	10⅝	10½	10½	
10⅛	8½	ACMSp	n.85e	9.7		663	8⅞	8¾	8¾	
5⅛	2⅝	AMCA	.12e	3.0		60	4	4	4	+ ⅛
6¾	3¾	AM Inp				661	5⅞	5⅝	5¾	
23⅛	16⅛	AM Int pf	2	8.7		6	23⅛	22⅞	23	- ⅛
62¼	39	AMR			8	1886	60⅞	59¾	60⅞	+ ½
9½	4⅞	ARX				113	5⅛	4⅞	5⅛	+ ⅛
47½	35¼	ASA	3a	7.2		430	41⅞	41½	41⅞	+ ⅛
20⅛	14⅞	AVX	.24	1.4	6	51	17⅞	17⅝	17½	- ⅞
50⅛	42⅞	AbtLab	1.40	2.6	16	2245	53⅞	53⅛	53⅛	+ ⅛
20⅛	15⅛	Abitibi g	1			7	16⅝	16⅞	16⅝	+ ⅛
13⅞	7½	AcmeC	.40	4.0		87	10¼	10	10¼	- ⅛
8⅞	5⅞	AcmeE	.32	4.4	26	28	7¼	7	7¼	
30⅛	20¼	Acuson			24	819	28¼	27¾	28¼	+ ½
16⅞	14½	AdaEx	1.82e	12.		76	14⅞	14¾	14¾	
16⅞	7¼	AMD			18	1619	8½	8⅞	8½	+ ⅛
43½	28⅞	AMD pf	3	9.4		2	32	31¾	32	
8½	6½	Adobe				34	7½	7⅞	7⅞	- ⅛
18½	16½	Adob pf	1.84	11.		3	17¼	17¼	17¼	
21⅞	20	Adob pf	2.40	12.		65	20⅞	20¼	20¼	- ⅛
9⅞	5⅞	Advest	.12	1.6	16	58	7⅞	7¼	7⅞	+ ⅛
52½	39½	AetnLf	2.76	5.6	9	987	50⅞	50	50¼	+ ⅜
44½	24	AlliPb s	.22	.5		2777	43¼	42½	42½	- ⅛
18⅞	13¾	Ahmans	.88	5.1	9	842	17⅞	17	17⅞	+ ⅛
53⅞	37¾	AirPrd	1.20	2.8	11	1094	43⅞	43¼	43½	- ⅛
24	15½	AirbFrt	.60	2.6	23	452	23½	23	23½	+ ½
18	11⅞	Airgas			11	80	17⅞	17½	17⅞	+ ⅛
20½	17¾	Airlease	2.40	12.	9	35	20⅛	20⅛	20⅛	+ ⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 53

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
66¾	60¼	Xerox	3	4.8	16	1371	61⅞	61¼	61⅞	+ ⅝
50¾	44½	Xerox pf	4.13	9.0		1	45⅜	45⅜	45⅜	
44¼	29⅜	XTRA	.72	1.9	14	218	38⅜	37½	38	− ⅛
3⅞	2	Zapata				253	3	2⅞	2⅞	
27⅞	16⅝	Zayre	.40	1.5	176	4861	26⅞	26	26⅞	− ½
15½	10⅞	Zemex	.40	3.5	24	1	11⅜	11⅜	11⅜	− ⅛
30	16½	ZenithE			94	3145	19½	18⅞	18⅞	− ⅛
10¼	8⅞	Zenis n	.69e	7.2		54	9⅝	9⅝	9⅝	+ ⅛
3	1	vjZenLb				100	2⅛	2	2⅛	
21⅝	15	ZeroNtl	.80b	4.4	9	139	18⅝	18½	18⅝	− ⅛
19⅞	13	Zero	.44	2.3	15	47	19	18⅞	19	+ ⅛
29¼	19	Zurnin	.68	2.5	18	32	27⅛	26⅞	27⅛	
11⅛	9⅞	Zweig	1.08e	9.9		545	10⅞	10⅝	10⅞	+ ⅛
10⅛	9	ZweigT n	.24e	2.7		651	9⅛	9	9	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices March 16

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Prism			11	3½	3½	3½	+ ¼
ProMed	.42	9	23	3⅝	3½	3½	

OVER-THE-COUNTER

Nasdaq national market, 3pm prices March 16

FINANCIAL TIMES Friday March 17 1989

AMERICA

Latest economic figures give Dow a modest boost

Wall Street

ANOTHER batch of economic statistics, which were interpreted as offering hints of economic weakness, boosted stocks modestly by midsession yesterday, *writes Janet Bush in New York.*

At 2 pm, the Dow Jones Industrial Average stood 10 points higher at 2,330.54 in somewhat healthier volume than earlier in the week. By midsession, 115m shares had traded.

Yesterday's economic releases included housing starts, industrial production and capacity utilisation for February.

Housing starts fell by 11.4 per cent last month – a much larger drop than expected which compared with a revised 7.2 per cent rise in starts in January.

Industrial production for February was unchanged following a revised 0.4 per cent rise in January and a revised 0.4 per cent rise in December. Capacity utilisation fell last month to a rate of 84.3 per cent compared with 84.5 in January.

As on Wednesday, when the news of the narrower trade deficit in January was announced, financial markets interpreted this latest batch of figures as showing the first signs of an economic slowdown.

However, as with the trade figures, there was a chorus of Wall Street economists arguing against setting too much store by one month's set of figures. The trade deficit in December and January appeared to signal little improvement in the overall trend of deficit reduction, suggesting instead that the trade profile remains flat.

Analysts argued that flat industrial production in February has to be seen in the context of an unusually buoyant January because of mild weather.

The sharp fall in housing starts also followed a very strong January because of good weather. Taking the two months together, there does not seem to have been much change in the overall level of activity.

Although financial markets rose modestly after the figures, there was some caution over interpreting them, as well as considerable care before today's producer prices data for February – the key figure this week because of its potential influence on US Federal Reserve interest rate policy.

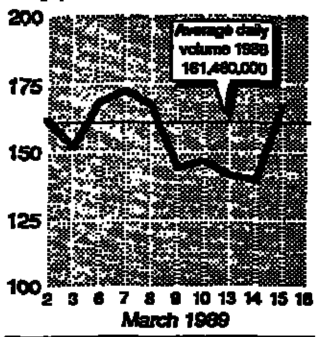
Markets have also become increasingly aware this week of rising oil prices, which depressed bonds on Wednesday and boosted oil company stocks. Crude oil futures pulled back in morning trading on the New York Mercantile Exchange yesterday, partly in reaction to sharp gains the previous day.

In late morning, crude for April delivery was quoted at $19.59 a barrel, down 18 cents from Wednesday. In spite of the correction, oil traders and analysts still expect to see crude at $20 a barrel which would pose an additional inflationary problem for the US authorities.

Oil stocks were mostly higher. Chevron edged $¼ higher to $54⅝, Exxon added $¼ to $45⅝ and Atlantic Richfield picked up $⅝ to $92.

Among featured individual stocks, Merck dropped $¼ to $65¼ on news that the Food and Drug Administration had recommended only limited marketing of ulcer drug Losec, citing potential cancer risks.

NYSE volume



Canada

STRONG energy issues helped Toronto rise by midday, in spite of a slip in oil prices. The composite index gained 19.8 to 3,642.0 on volume of 9m shares.

Thomson Newspapers rose C$1¼ to C$16¼ in active trade following Wednesday's announcement that it will merge with International Thomson.

ASIA PACIFIC

Nikkei ends almost unchanged as rally stalls

Tokyo

PURSUING Wednesday's strong gains, Japanese equities initially climbed steadily, but they later lost steam to finish little changed, *writes Michiyo Nakamoto in Tokyo.*

The Nikkei average reverted to its pattern of falling immediately after a quick rise. In spite of a gain of over 169 points just after the opening, it finished the day down 2.24 at 32,098.24. The high was 32,282.95 and the low 32,067.50.

Rises led falls by 474 to 440, while 181 issues were unchanged. Turnover rose to 1.35bn shares from Wednesday's 1.19bn. The Topix index of all listed shares was off 0.08 at 2,432.69 but, in later London trading, the ISE/Nikkei 50 index rose 7.08 to 1,935.69.

Some analysts attributed the early gains to dealer activity. While some new *tokkin* fund money did become available, higher prices and an uncertain environment kept many investors cautious. "There are a lot of keen buyers at lower levels," said Mr Michael Law at Schroder Securities, adding that they were quick to sell again when prices rose.

Part of the reason for the Nikkei's downturn was a move from broad-based to concentrated buying, according to Mr *Yoshio Shimoyama at Nikko* Securities. While fears of rising interest rates have been receding, they have not completely disappeared. Yesterday the market took the overnight rise in oil prices fairly seriously. The yen also slipped further against the dollar, hitting its lowest level in five months.

Buying interest was concentrated in constructions and steels. The construction companies seem to be favoured when things look bad on the external front. They are expected to see increased profits over a long period as a result of the Government's plans for infrastructural investment.

Okumura, noted for its highway-related works, added Y280 to Y2,150 in heavy trading. *Kumagai Gumi, the day's third* most actively traded stock with 41.5m shares, advanced Y60 to Y1,780.

Attention also focused on issues such as Maeda Road Construction, which added Y110 to Y1,890, and Ohbayashi Road Construction, which gained Y130 to Y1,360.

Penta Ocean, a pioneer in large-scale offshore projects, rose Y60 to Y1,470 in heavy trading. *The company has been* attracting attention for its land reclamation work in connection with the Kansai international airport.

Steels returned to the limelight as investors speculated that they would resume their position as market leaders in the new business year, beginning in April. Steelmakers are also expected to profit from the growing demand for construction materials. Nippon Steel was top of the actives list with 61.1m shares and rose Y14 to Y944. Kobe Steel, popular for its plans to build a leisure park, was second with 59.1m shares, rising Y37 to Y920. Nisshin Steel added Y40 to Y1,300 in heavy trading.

Investors in Osaka favoured *constructions and steels.* Buoyant trading pushed the OSE average up 220.22 to 30,352.75 and volume improved to 171m shares against 163m traded on Wednesday. Okumura Corp added Y290 to Y2,130.

Roundup

STRONG demand continued to translate into share price gains in Singapore and Hong Kong, while Australia was stifled by the return of bearish trading.

SINGAPORE shrugged off a bit of early profit-taking and climbed in the afternoon to yet another high. The Straits Times industrial index added 5.88 to 1,185.79 and turnover was still high at 95.4m shares, compared with Wednesday's record 117.9m.

Property and hotel stocks were again the most active, and DBS Land saw 3.8m shares traded, ending steady at S$1.64. Malaysian-based Mui saw a heavy 17.1m shares change hands before it was suspended at S$2.80 in the afternoon, pending an announcement.

HONG KONG had another active session, responding positively to Wall Street's continued strength. The Hang Seng index closed above the 3,100 level for the first time since February 24, adding 54.94 to 3,150.85.

Volumes kept climbing, reaching HK$2.4bn against HK$2.14bn on Wednesday. The day's most active stock was Hongkong Bank, rising 15 cents to HK$7.60. Hongkong Land, due to report results today, put on 40 cents to HK$11.80.

AUSTRALIA experienced the return of bearish sentiment after an early rise on improved balance of payments figures, and share prices slipped from their highs.

The All Ordinaries index added 6.5 to 1,497.6 on modest turnover of 77.5m shares worth A$146.3m. The current account deficit for February of A$1.16bn was at the lower end of expectations.

Rural Press jumped on its first day of trading, adding 50 cents to its placing price and *closing at* A$5.50. Ariadne rose 1 cent to 18 cents on news of its much reduced annual losses. North Broken Hill Peko rose 3 cents to A$2.38 in spite of its decision to pull out of the Wesley Vale pulp mill project.

TAIWAN fell heavily for the third day running, with the weighted index dropping 258.23 to 7,219.25 amid concern over a steep rise in the Taiwan dollar.

EUROPE

Milan bounces back with 2 per cent climb

BOURSES took different views of the economic outlook yesterday, with solid gains in Milan, Paris and Amsterdam but weakness in Frankfurt, *writes Our Markets Staff.*

MILAN surged 2 per cent as the new monthly trading account got off to a bullish start, encouraged by much higher volume and optimism about the Government's ability to deliver public spending cuts.

The Comit index climbed 12.06 to 596.18 and turnover was estimated to be better than Wednesday's much improved L208bn. For the past few weeks, volumes have struggled around L100bn.

Individual investors entered the market, and there was also interest from abroad.

Banks were again the focus of attention, sustained by excitement over the pace of restructuring in the sector. BNA, in which Credito Italiano is believed to have acquired a stake of over 20 per cent, possibly with a view to gaining control, climbed L730, or 5.5 per cent, to L13,930. Its parent Bonifiche Siele was up L980 at L43,600.

Pirelli & C., the holding company, gained L530, or 6.9 per cent, to L8,190 on prospects of a bourse listing for the group's tyre interests. There was also speculation that a new shareholder might join the Pirelli controlling syndicate.

PARIS ended around the day's highs, as corporate news continued to encourage investor buying, boosting turnover. A waning of inflation fears also helped unleash some pent-up demand, while expectations of a good domestic inflation figure for February proved another positive factor.

The CAC 40 index rose 5.98 to 1,628.60 and the OMF 50 index added 1.77 to 463.27. Volumes were estimated around FFr1.5bn.

CFF, the bank, saw one of the largest jumps, putting on FFr50, or 5.8 per cent, to FFr920. Bancaire also rose in active trading, increasing by FFr21, or 4.1 per cent, to FFr538, and after the close the market heard that CFF was to take a stake in Bancaire.

Chargeurs dropped by 5.3 per cent after Wednesday's late results, as profit-takers took FFr77 to leave the stock at FFr1,378. Elf Aquitaine benefited from the strong oil price and expectations of good results and a possible increased dividend, rising FFr11 to FFr458. Active trading helped renew rumours of a possible rights issue from the group.

Lyonnaise des Eaux ended steady at FFr1,585, having fallen to FFr1,580, confirming rumours of a capital raising programme which would take the form of bonds with warrants and be worth FFr1.4bn. It also reported improved profits.

AMSTERDAM again saw the show stolen by Fokker, which soared 18 per cent before coming to rest Fl 2.80, or 6.7 per cent, higher, at Fl 44.90 on news it expected a firm order worth Fl 6.5bn from American Airlines.

The CBS tendency index ended 0.30 higher at another peak for the year of 170.9 after nervous profit-taking trimmed gains. The market was underpinned by Royal Dutch, up Fl 2.60 at Fl 133.20 on the strength in oil prices.

Retailer Ahold climbed Fl 3.20 to Fl 97.50 after reporting better than expected net profits.

FRANKFURT eased in a technical correction to two days of gains and on rising concern about wage and inflation prospects next year. The FAZ index lost 3.39 to 557.02 and the DAX ended 11.11 lower at 1,323.64 in active volume of DM3.85bn.

The Bundesbank left interest rates unchanged, as expected, although that came too late to affect the market. However, the renewed strength of the dollar worried investors, and concern also focused on prospects of rising wage demands to compensate for the higher-than-expected rate of inflation.

Car stocks, which have had a strong run, were particularly weak, with Daimler falling DM7 to DM667.50 and BMW off DM4 at DM522.50.

Mannesmann announced a DM75m factory construction order in Egypt for its Anlagenbau industrial plant subsidiary – positive news following a weak order inflow for Anlagenbau in the first half of last year, said one analyst. Mannesmann eased DM4 to DM227.50.

ZURICH took heart from an easing in domestic interest rates, and closed slightly firmer with the Crédit Suisse index up 1.8 at 559.

Chemicals led the way higher, with Ciba-Geigy bearers rising SFr140 to SFr3,410. The company later announced plans to collaborate with Tanox Biosystems of the US in developing AIDS treatments.

Swissair bearers fell SFr25 to SFr1,115 after reporting 5.5 per cent higher annual profits, having risen sharply on Wednesday. It announced a partnership agreement with US Delta Airlines but said there were no plans to swap shares.

MADRID gave up a bit more ground on continued profit-taking, with the general index losing 0.41 to 279.70. The construction sector was the prime target for profit-takers, but optimism remained over February's domestic inflation figure due out today or Monday.

HELSINKI lost ground, with the Unitas all share index falling 0.6 to 791.0. Union Bank of Finland and Sampo, the insurance company, returned to trading after suspension on Wednesday for news of their cross-ownership deal. UBF A shares fell FM3.50 to FM43.90 and Sampo A shares lost FM15 to FM450.

STOCKHOLM witnessed pharmaceutical stock Astra plunge SKr18, or 6.6 per cent, to SKr255 in turnover of SKr34m – more than 10 per cent of total turnover. This followed the US Food and Drug Administration decision to give only limited licence to the company's anti-ulcer drug, Losec.

SOUTH AFRICA

INDUSTRIAL shares were strong in Johannesburg, but gold issues eased. The Industrial index touched a new high of 2,361, up 36, while the Gold index fell 16 to 1,600.

In industrials, Barlow Rand gained R1.50 to R36.50.

Neighbours benefit from Swedish forays abroad

Investors relish new freedoms, writes Sara Webb

When Sweden's Central Bank, the Riksbank, lifted restrictions on buying foreign equities in January, Swedish investors went scrambling for bargains in other Nordic countries. Their enthusiasm helped to push Oslo to new post-crash highs, while Helsinki reached an all-time peak.

Swedish investors are certainly not strapped for cash at the moment, following a wave of takeovers last year. About SKr1.6bn ($250m) flowed out of Sweden in January as a result of the abolition of restrictions; figures have not yet been compiled for February, but brokers believe demand stayed strong during most of the month, tailing off slightly towards the end and at the beginning of March.

"People are still interested but we are not seeing the same volumes now," said one broker at Alfred Berg. However, it is estimated that between SKr8bn and SKr12bn could flow out of Sweden in 1989 as a whole.

Oslo and Helsinki have been the main beneficiaries of the Riksbank's decision, while Copenhagen has been rather ignored.

The Norwegian market was considered very undervalued at the start of the year and attracted a lot of interest from Swedish investors, who poured an estimated NKr250m into Norwegian equities on the first day of their new-found freedom.

The Swedes have looked for oil and shipping shares in Norway – they have no oil shares of their own and shipping shares such as Bergesen were cheaper than their Swedish counterparts.

In Helsinki, the bargain was seen as Pohjola, the insurance group. "Pohjola's shares were trading at a discount of about 30 per cent compared with Skandia (the Swedish insurance group) where you get what you pay for," says Mr Sten Westerberg, chief economist at Enskilda.

Finnish forestry companies such as Kymmene and Metsa-Serla have also attracted the Swedes' interest.

"Swedes tend to look for companies they are psychologically comfortable with, like big industrial groups," Mr Westerberg says, "so Copenhagen has not benefited from the lifting of restrictions, with its banks, insurance companies and breweries."

The problem for the Swedes is that, after being fettered for years by regulations concerning investment abroad, very few brokerages have had the inclination to build up their European or international expertise. Enskilda and Svenska Handelsbanken are the exceptions.

Now that commission income is falling on the domestic side, the smaller brokerages are not so willing to invest extra money in building up expertise. The UK and US markets take priority, being more of a lure than Tokyo which the Swedes see as too expensive anyway. The weaknesses tend to be in West Germany, France and other European markets.

The spate of takeovers has included Skandia's bid for Skandia International and the shake-up of financier Mr Erik Penser's empire – a deal valued at SKr10bn in which Nobel Industries bid for shares in Asken and Carnegie. This has provided investors with money to reinvest in the stock market, whether at home or abroad. Driven by the weight of cash, the Stockholm bourse has scored new all-time highs in recent days and reached a capitalisation of about SKr670bn.

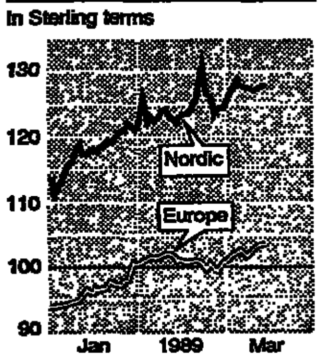
The pace of acquisitions and mergers seems likely to slow down this year, now that many of the necessary restructurings, such as in the forestry industry, have taken place. But there are plenty more sources of cash. Mutual funds have collected a new batch of deposits, and insurance companies have pledged to place perhaps 10 per cent of their portfolios abroad.

Interest in the Stockholm bourse has been maintained by strong 1988 corporate results, with companies including Trelleborg, Nobel Industries, Gambro, Sandvik, SKF, Procordia, Esab and the commercial banks turning in healthy increases.

There has also been a noticeable boost in annual dividends, which the Swedes are notoriously stingy about; that signals confidence about performance in 1989 and also means even more money to plough into equities in the spring.

FT-A World Indices

In Sterling terms



FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY MARCH 15 1989					TUESDAY MARCH 14 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988/89 High	1988/89 Low	Year ago (approx)
Australia (89)	135.63	-0.8	117.01	111.91	4.89	136.74	117.32	112.14	157.12	91.16	110.55
Austria (18)	102.90	-0.2	88.78	99.86	2.52	103.11	88.47	99.65	103.18	83.72	90.59
Belgium (63)	131.41	-0.4	113.37	127.03	4.08	131.90	113.17	127.02	139.89	99.14	132.73
Canada (125)	135.33	+0.0	116.75	117.05	3.27	135.34	116.12	117.06	137.27	107.06	120.42
Denmark (39)	166.49	-0.6	143.64	165.30	1.89	167.53	143.74	165.02	180.38	111.42	119.69
Finland (26)	142.44	-0.1	122.88	130.00	1.41	142.58	122.33	130.01	147.07	106.78	121.28
France (130)	115.50	+0.0	99.64	114.82	2.83	115.47	99.07	114.11	119.98	72.77	84.88
West Germany (102)	84.64	-0.5	73.02	82.40	2.30	85.03	72.95	82.13	90.40	67.78	80.17
Hong Kong (44)	130.43	+2.1	112.53	130.60	3.68	127.77	109.62	127.95	133.77	84.90	99.73
Ireland (17)	143.98	+0.6	124.22	142.07	3.58	143.07	122.75	140.29	146.46	104.60	120.27
Italy (98)	78.71	+0.3	67.90	80.71	2.51	78.45	67.31	79.91	86.88	62.99	79.70
Japan (456)	188.48	+0.5	162.60	155.60	0.48	187.55	160.91	153.70	200.11	133.61	164.41
Malaysia (36)	159.80	+2.1	137.86	169.49	2.66	156.55	134.32	166.05	159.80	107.83	118.20
Mexico (13)	163.72	-0.8	141.24	424.67	1.20	164.98	141.55	427.68	182.24	90.07	147.09
Netherland (39)	116.81	+0.1	100.77	112.57	4.48	116.67	100.10	111.69	116.81	95.23	107.82
New Zealand (24)	70.80	-0.5	61.08	61.36	6.31	71.16	61.05	61.59	84.05	63.32	75.16
Norway (26)	170.43	+0.0	147.03	157.24	1.83	170.38	146.18	156.50	174.29	98.55	116.69
Singapore (26)	147.04	+1.5	126.85	131.18	2.07	144.85	124.27	129.29	147.04	97.32	111.84
South Africa (60)	139.77	+2.1	120.58	123.44	4.06	136.91	117.47	122.15	139.77	98.26	138.25
Spain (42)	147.46	-0.5	127.22	129.92	3.71	148.17	127.13	129.82	164.47	130.73	147.15
Sweden (35)	158.09	-0.2	136.39	149.84	2.23	158.38	135.89	149.30	158.38	96.92	120.01
Switzerland (57)	75.97	-0.9	65.54	75.76	2.29	76.65	65.76	75.56	86.75	74.13	85.92
United Kingdom (314)	152.19	-0.7	131.30	131.30	4.22	153.33	131.55	131.55	153.33	120.66	139.62
USA (568)	120.74	+0.5	104.16	120.74	3.61	120.17	103.11	120.17	121.90	99.19	109.51
Europe (1006)	119.94	-0.5	103.47	110.65	3.50	120.49	103.37	110.46	120.88	97.01	110.08
Nordic (126)	148.26	-0.3	127.90	146.25	1.99	148.70	127.58	145.86	149.38	95.22	111.01
Pacific Basin (675)	183.84	+0.5	158.61	152.48	0.69	182.95	156.96	150.67	194.72	130.81	159.75
Euro-Pacific (1681)	158.30	+0.2	136.57	135.77	1.55	157.99	135.55	134.58	164.22	120.36	139.90
North America (693)	121.51	+0.4	104.83	120.54	3.58	120.98	103.80	120.01	122.71	99.78	110.09
Europe Ex. UK (692)	100.12	-0.2	86.38	97.81	2.88	100.33	86.08	97.34	103.11	80.28	91.77
Pacific Ex. Japan (219)	128.35	+0.4	110.73	113.28	4.31	127.85	109.69	112.49	137.65	87.51	103.47
World Ex. US (1879)	157.32	+0.2	135.72	135.16	1.63	156.99	134.70	134.01	162.77	120.26	139.22
World Ex. UK (2133)	142.27	+0.4	122.74	130.15	2.02	141.71	121.58	129.07	146.04	111.77	126.58
World Ex. So. Af. (2387)	143.16	+0.3	123.51	130.30	2.22	142.77	122.49	129.35	146.65	113.26	127.66
World Ex. Japan (1991)	121.43	+0.1	104.76	117.13	3.59	121.28	104.05	116.71	122.37	100.00	110.14
The World Index (2447)	143.14	+0.3	123.49	130.24	2.23	142.73	122.46	129.29	146.51	113.37	127.73

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.65 (US $ Index), 114.45 (Pound Sterling) and 123.22 (Local).

Latest prices were unavailable for this edition.